STATE OF CALIFORNIA

EMPLOYMENT DEVELOPMENT DEPARTMENT

DISABILITY INSURANCE BRANCH

CUSTOMER SERVICE CENTER

ASSESSMENT REPORT

BY:

MISSION CONSULTING

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APRIL 24, 2008

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THE STRATEGIC SERVICES GROUP OF HESSE, STOBBE & O'SULLIVAN, LLC

April 24, 2008

Ms. Sandra Poole, Deputy Director
Disability Insurance Branch
Employment Development Department
800 Capitol Mall
Sacramento, CA 95814

Re: EDD DI CSC Assessment Report
EDD Agreement M867708

Dear Ms. Poole;

Mission Consulting is pleased to provide this Disability Insurance Branch (DI) Customer Service Center (CSC) Assessment Report. The report confirms DI's program management, operations and performance at its CSCs, and provides specific short-term and long-term recommendations for improvement. We have enjoyed learning the DI program, working with you and your staff at all levels, and the opportunity to contribute our telecommunications and program management professional expertise.

We thank you for your sponsorship and personal interest in this important project.

Sincerely,

Bill Stobbe
Partner

Bill O'Sullivan
Partner

cc: Emmanuel Okwuosa, EDD DI Telecom Project Manager

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EMPLOYMENT DEVELOPMENT DEPARTMENT (EDD)

DISABILITY INSURANCE BRANCH (DI)

CUSTOMER SERVICE CENTER (CSC) ASSESSMENT REPORT

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1. Executive Summary

1.1. Background

The EDD Disability Insurance Branch (DI) retained Mission Consulting to assess DI's five Customer Service Centers (CSCs) and provide recommendations for improving management, operations and performance. The project was managed by the DI Telecommunications Unit on behalf of the Branch.

Mission Consulting reviewed program policies, processes and technologies, met with DI and CSC management, observed the CSC sites, gathered performance data and other background information, and performed research and analysis.

The primary issue creating the need for the study was the long answer times experienced by DI clients who call the CSCs, and the high percentage of deflected or unanswered calls due to the total number of call attempts. The current conditions not only create a less than desirable experience for the DI client, they also create a discouraging work experience for many DI call takers.

1.2. Report Organization

The report is laid out in the following major sections:

1. Executive Summary
2. Introduction and Background Information
3. EDD Disability Insurance Branch – Field Operations Division
4. Future Considerations
5. Managerial, Operational and Performance Issues
6. CSC Assessment Report Recommendations
7. Conclusion

1.3. Summary Findings

Our primary finding is that the issues that create the current conditions are manageable. Although there is no single simple solution, significant improvement can be achieved through multiple discrete management actions. As a result of such actions, we believe that all DI CSC callers can be successfully served in a timely manner without any appreciable increase in DI staff.

1.4. Recommendations for Improvement

The report identifies 28 specific recommended actions that can be taken to improve DI call levels. These are summarized below. See report section 6 for a more complete description.

Short term recommendations:

Recommendation #1 – Revise the service level expectations

The current DI goal of answering 90% of the calls within 240 seconds is not realistic at this time and is unachievable in the short-term for the three DI CSCs. However the PFL and NDI/SDI programs should continue to strive to meet this goal.

Recommendation #2 – Implement a goal to answer 90% of all DI CSC calls

A focus on reducing deflected calls to less than 10% should become the new short-term service level goal. At such time that deflected calls are less than 10%, the percentage of calls answered in 240 seconds can again become a meaningful objective.

Recommendation #3 – Help employee partners understand that the call volume workload is not impossible

Due to the large number of call backs when calls are not answered, the large numbers of calls represent far fewer callers. Therefore when the number of calls answered increases slightly, the number of total calls decreases dramatically.

Recommendation #4 – Implement a phased approach to improved service

Mission Consulting recommends a multi-phased approach to improving DI CSC customer service, focused on simply answering some measurable number of calls (such as 90%). As DI approaches the goal of deflecting less than 10% of the calls, DI can return to consider the 90%/240 objective.

Collaborative discussions between DI executive management, CSC managers and key personnel about reasonable intermediate steps, with adjustments to the expectations prior to the next phase, will greatly improve the likelihood that the overall objectives are reached.

Recommendation #5 – Assign more DIPRs to call taking

In 2007, *on average* only 64% of the Disability Insurance Program Representative (DIPR) call taker positions were logged into the ACD at any one time. We recommend DI analyze the average percentage of DIPRs logged-in to the ACD at each site on a monthly basis and work to increase the average number of individuals assigned to answer calls.

Recommendation #6 – Reduce non-call taking activities for logged-on personnel

Reduce the amount of time logged-on DIPRs spend in non-call related activities. We recommend that those tasks that are not related to talking or after call wrap-up be studied and reduced as much as possible, with a concentrated effort during the peak hours.

Recommendation #7 – Implement focused training on reducing after call call-related activities and improving efficiency

Significantly reduce the time spent in after call wrap up activities by training DIPRs to enter call notes during the call. CSC managers should explore other ways that after call wrap up time can be reduced.

Recommendation #8 – Enhance uniformity of training and utilize Centralized Professional Training Resources

The CSCs would realize greater efficiencies, improve quality and provide consistencies through enhanced uniformity of training, the collaborative involvement of the Training and Staff Development Unit, centralized training of "soft skills", and enhanced appreciation of CMO/CSC roles and communication.

Recommendation #9 – Review the IVR scripts

DI should carefully review its Integrated Voice Response (IVR) scripts and trees. We believe that improvements can be made that may significantly increase the number of calls that are satisfied by the IVR information.

Recommendation # 10 – Change the DI ACD deflect announcement

The DI CSC ACD deflect announcement message should be changed to ask callers to reflect that the best time to call back is on Wednesdays through Fridays. PFL and NDI/SDI CSCs should similarly determine if their deflect announcement can be improved.

Recommendation #11 – Develop a plan and implement call monitoring

Remote call monitoring within all DI Branch CSCs is possible with the existing telecommunications systems. We recommend creating a management level team to develop a plan for implementing "Remote" Call Monitoring while considering the past lessons learned.

Recommendation #12 – Deploy the Gatekeeper's monitor on supervisor's desks

In each CSC, duplicate the Gatekeeper's system display at DIPR supervisor desks to enhance awareness of current call center conditions.

Recommendation #13 – Where possible move supervisors into DIPR areas

In each CSC, physically move the supervisor positions into the DIPR call answering position areas. This will make the supervisors more aware of DIRP call activity, and will make the supervisors more accessible by DIPRs who need assistance with a call.

Recommendation #14 – Modify short-call threshold to 45 seconds

Calls are currently counted as being answered and completed if they last a minimum of 6 seconds with very short calls dramatically distorting the average talk time. We recommend changing the short-call threshold to at least 45 seconds.

Recommendation #15 – Present issues and a philosophy of partnership to achieve better communications and participation

Take steps to develop a more collegial and supportive communication and partnership with DIPRs to proactively facilitate solutions, provide recognition, and improve morale.

Recommendation #16 – Expand CSC disaster recovery planning

Expand the disaster recovery plans to include response plans for non-technical events that may impact the ability of a CSC to effectively answer calls.

Recommendation #17 – Measure quality of CSC activities

Consideration should be given to the perspective that a CSC "service level" is not just a quantitative measurement, but should also include a qualitative measurement. We recommend implementation of a quality management program that addresses claimant satisfaction, agent effectiveness, complaint system, and accuracy from the CSCs.

Recommendation #18 – Explore expanding DI hours of operation

As the budget will support, schedule DIPRs to match call traffic patterns, revisit the "Pilot Study of Service on Select Holidays" recommendations, encourage the further use of Rotating Days-Off work schedules, and leave the queue open past 4:30 PM.

Recommendation #19 – DI CSC Problem Resolution Unit (PRU)

Transition the planned CSC Problem Resolution Units (PRUs) to provide services based on case complexity rather than hardship. Evolve the PRUs to special higher skilled teams that receive special recognition for their extra value.

Recommendation #20 – Improve collaboration between DI Telecom Unit and IT Central Call Center Operations Group (CCOG)

Review the DI Telecommunication Unit's issues associated with the existing and future telecommunications vendors and services, and with EDD's Central Call Center Operations Group (CCOG). DI executive management should guide the resolution of these issues with the goal of enhancing the capabilities and effectiveness of the DI Telecom Unit.

Recommendation #21 – Improve CSC management communication channels

Work to establish a more collegial relationship between CSC managers, and enhance DI executive management's leadership in CSC planning and operations.

Long term recommendations:

Recommendation #1 – Develop a new service level measurement

When calls answered reach acceptable levels (see short term recommendation #2), reassess and revise the service level measurement.

Recommendation #2 – Redesign the training curriculum

Working with the Training and Staff Development Unit, Mission Consulting recommends developing a new overall training curriculum. All aspects of the new program do not need to be long-term efforts, but it will take some time for the materials to be crafted to meet the needs of the CSCs, with DI being the first priority. The program should include supervisor and manager training as well as DIPR training.

Recommendation #3 – Do not deploy networked IVR/ACD unless operational implications are understood

The transition to a future networked IVR/ACD environment will definitely result in significant changes to CSC operations. These changes will have serious implications regarding how the call distribution environment will be designed, staffed and managed. Attention to detailed planning is required before deployment of any networked solutions. Therefore we recommend that the networked IVR/ACD application not be deployed until operational implications are understood.

Recommendation #4 - Tailor additional CALNET 2 enhancements to each DI program

As additional CALNET 2 features are considered for the CSCs, they must be carefully tailored to meet the unique needs of each individual program. The myriad of possible features and the variations in the way they may be configured can result in the service provider taking the easiest solution, not necessarily the best for any one call center.

Recommendation #5 – Plan for expansion

The current CSC sites are at capacity. As the population of the State continues to grow, and programs such as PFL have only just begun to realize their potential, the Branch needs to utilize all of the forecasting tools available to consider expansion. Even though it is expected that the technologies to be deployed in the future will improve efficiencies in customer access, claims processing and call handling, expansion may be needed before these technology deployments are complete.

2. Introduction and Background Information

2.1. Employment Development Department's Disability Insurance Branch

2.1.1. Background

Initially established in 1938 by an act of the California Legislature, the department that would become the State's Employment Development Department (EDD) was mandated to administer the Unemployment Insurance (UI) program in addition to assisting residents in finding employment. EDD Tax Branch manages the audit and collection of payroll taxes, including more than $31 billion in payroll taxes, $25 billion in Personal Income Tax withholdings, processing more than 30 million employer payroll tax documents and remittances per year, and maintaining the employment records for more than 17 million California workers.

Over time the Legislature expanded EDD's responsibilities to include, among other services, a comprehensive State Disability Insurance (SDI) Program administered by the Disability Insurance (DI) Branch. SDI is a short-term partial wage-replacement insurance plan for California workers, funded through employee payroll deductions, for eligible workers who suffer a loss of wages due to a non-work related illness or injury, including pregnancy. In 2006, the DI Branch managed more than $4 billion in Disability Insurance benefits and processed over 700,000 claims.

Originally, the SDI claims process was exclusively handled by a distributed group of Claims Management Offices (CMO). In an effort to manage the increasing telephone traffic associated with the program, DI established small groups of telephone service specialists who, in addition to other claims activities, had the responsibility for answering telephone inquiries associated with the increasing claim load. These examiners had the same classification, Disability Insurance Program Representatives (DIPR), and the same training as their associates who were not spending a significant portion of their day on the telephone. At that time, the DI "call centers" did not have sophisticated and expensive call routing equipment or the management reporting that is currently employed.

Recognizing the need to better manage the increasing call traffic, and applying the service objectives that had been established in the Unemployment Insurance service centers, DI created a centralized Customer Service Center (CSC) in Sacramento in 1998. It was anticipated that the CSC would efficiently route calls to a skilled group of DIPRs (hereinafter referred to as DIPRs, representatives and/or examiners), to improve the quality of service provided to claimants, and enable real-time and historical data reporting to assist management in meeting the needs of the callers. The Sacramento CSC was followed by the conversion of the Riverside CMO in 1999 to a full-scale DI CSC call center. Most recently, a smaller and more specialized DI CSC, known as the "Hybrid", was established in Fresno. The telecommunications services supporting the CSC sites, as described below, were acquired through the former CALNET 1 contract and they have been replaced on a like-for-like basis through the new CALNET 2

contract realizing significant savings, but not yet incorporating upgrades anticipated to be available on the new contract.

In 2004, legislation expanded disability compensation under the Paid Family Leave (PFL) program to cover individuals who take time off work to care for a seriously ill child, spouse, parent, or domestic partner, or to bond with a new child.

The DI Branch has been administering the Non-Industrial Disability Insurance (NDI) program for the Department of Personnel Administration for over 25 years. Similar to the DI program, NDI provides short-term benefits for state workers who are unable to work due to non work-related injuries, illnesses, or pregnancy if they qualify as State of California employees (SE) who are active members of the Public Employees' Retirement System, State Teachers' Retirement System, State Officers, and those employees of the Legislature who are not covered by DI.

The Disability Insurance Branch Central Office (DICO) supports the DI CSC operations as well as the 16 CMOs and the executive staff. The DICO (or "Central Office") develops policies, procedures and training materials; oversees program quality and integrity; and acts as liaison to coordinate services provided by EDD support entities including Fiscal Programs, Business Operations, and Information Technology. EDD support services also include a Call Center Operations Group (CCOG) that works closely with DI's dedicated Telecom Unit to manage and deploy new telecommunications technologies in the DI Customer Service Centers.

2.1.2. EDD Disability Insurance 2002 Report to the Legislature

As the DI program workload grew, the DI Branch had significant challenges in satisfying the expectations of claimants attempting to contact the Branch via the telephone. A Supplemental Report of the 2001 Budget Act, Item 5101, required EDD to provide a written report to the Legislature on the status of DI Branch telephone services. The Supplemental Report specifically stated:

> *The Department shall report to policy and fiscal committees of the Legislature, by February 1, 2002, on the customer service of Disability Insurance Call Centers.*
>
> *The report shall include at least the following:*
>
> - *Calls received daily by the call centers*
> - *Disposition of the calls received, including the number of calls deflected or forced to call back;*
> - *Average call waiting times; and*
> - *Steps the Department had taken to improve services in the call centers.*

In February, 2002, the EDD Disability Insurance Call Center Service Report was delivered to the Legislature. In addition to an overview of the services provided by the DI Branch, the report stated that a workgroup had been convened to evaluate why DI was not meeting its service level goal and identified ten steps that led to improved

service to its customers. The following DI Branch actions were identified as having improved the DI CSC customer service:

- *Conducted a pilot on queue size*
- *Revised the IVR script*
- *Increased staffing in the CSC offices*
- *Stabilized claim management workload*
- *Acquired an MCI Interact percentage allocation tool*
- *Requested a customer survey*
- *Conducted a pilot study of service on selected state holidays*
- *Provided training for CSC management*
- *Consulted with other call centers*
- *Expanded the Riverside CSC*

Furthermore, there were six anticipated DI initiatives provided as "Actions Planned to Improve Service Levels":

- *Investigate workload forecasting and scheduling software*
- *Explore extending call center hours*
- *Install Additional Automated Call Distribution Groups*
- *Provide IVR information on the Internet and in brochures*
- *Began research to determine expansion needs and strategies*
- *Explore remote call monitoring and recording equipment*

2.1.3. EDD Strategic Plan & EDD Disability Insurance Branch Strategic Plan

The current EDD Strategic Plan and the current Disability Insurance Branch Strategic Business Plan include specific commitments to the State's objectives for customer service and leveraged technology. These commitments are supported by the Office of the California CIO and the State's Information Technology (IT) strategic plan.

The California CIO's Mission Statement stresses information technology's role in supporting the State's programmatic business needs and commits to deliver "consistent, cost-effective, reliable, accessible and secure services that satisfy the needs of its diverse public…." These considerations are included in the Department's vision of being "universally recognized for its outstanding customer service and will be considered a model for public agency quality and fairness." Additionally, EDD's Mission Statement includes the goal to "plan, deploy, and manage technology to improve our business processes and access to our services."

The first two stated goals of the California IT Strategic Plan are to "make government services more accessible" and to "implement common business applications and systems to improve efficiency and cost-effectiveness". The Disability Insurance Branch's Strategic Business Plan addresses these goals and includes specific commitments to "provide timely, accurate information and services", "improve access to services", and "improve new technology to expand services" among other strategic

objectives. Finally, the State CIO's Mission Statement is supported by the DI Branch Strategic Vision that includes a specific commitment to "be responsive to our customers and a model of excellence, innovation, and integrity."

2.2. The Customer Service Center (CSC) Assessment Report

2.2.1. EDD DI Assessment Report Solicitation, Review and Selection Process

Today the DI Branch recognizes that service levels have, for a variety of reasons, again fallen to a level that is unacceptable to its objectives for customer service.

In an effort to solicit and secure an objective review of the issues and operations of its CSC services, the DI Branch prepared Request for Offer 36878 (RFO) which provided a background of the EDD DI CSC environment, specified the Branch's report expectations, the requirements of potential bidders and the objective selection process. As stated in the RFO, EDD DI management desired an independent assessment of all DI CSCs **"to provide expert and unbiased third-party review, analysis, and recommendations concerning DI Branch CSCs, with the goal of improving DI Branch CSC management, operations, and performance."** (emphasis added)

The EDD DI CSC Assessment RFO was issued on May 30, 2007 under the Department of General Service's Master Service Agreement for Business Consulting. Of the respondents, Mission Consulting was selected and on November 7, 2007 was awarded a contract to conduct the assessment and to provide the assessment report. The resultant report has come to be known as the DI 2008 CSC Assessment Report.

2.2.2. Qualifications of Mission Consulting

The assessment and reporting services detailed in the RFO are the core business of Mission Consulting. Formed as Hesse, Stobbe & Associates in 1991, for over 16 years Mission Consulting has specialized in independent and unbiased consulting on behalf of State of California agencies. We have provided over 50 assessments of State of California agency call centers over the years. We are intimately familiar with all aspects of State agency program considerations such as mandates, budgets, staffing classifications, reporting and control agency oversight, and policies. Mission Consulting's practice concentrates on the application of telecommunications and IT technologies and management within the State environment in support of agency missions and goals.

2.2.3. The DI 2008 CSC Assessment Report - Purpose, Scope and Methodology

<u>Purpose of the CSC Assessment Report</u>

The purpose of this DI 2008 CSC Assessment Report is to provide an objective assessment of the existing CSC management, operations and performance, and to provide short term and long term recommendations for improvements. It is the stated

goal of the DI Branch that DI Branch managers and staff will implement as many of these recommendations as possible.

Scope of Assessment Report

The DI 2008 CSC Assessment Report documents Mission Consulting's findings, assessment and recommendations regarding the DI Branch's CSC management, operations and performance levels. In accordance with the RFO and contract, this assessment considers all aspects of Branch CSC operations including, but not limited to: strategies; technologies; service level objectives; management and supervision; organizational and reporting structure; staff recruitment, training, coaching, retention and turnover; employee satisfaction and morale; staff scheduling and staff schedule adherence; workforce management; rostered staff factor; quality assurance; remote call monitoring and recording; business recovery plans; CSC facilities; and statistics and data reporting. This report also includes short-term and long-term recommendations to improve Branch CSC management, operation and performance levels.

Methodology

As proposed and as further detailed with the DI Project Manager, Mission Consulting has segmented the project into three primary task areas: 1) discovery, 2) assessment, and 3) recommendations. Project activities associated with these three areas are:

Discovery:

1. Meet with the DI Branch Deputy Director and her assigned project staff to better understand the needs and objectives of the DI Branch CSCs, and to discuss project issues. These meetings were held regularly throughout the term of the study, reviewing project progress and action items.

2. Receive and review various reports, documents, and call data from the DI Branch Project Manager. These vary from Legislative reports and strategic plans, to CSC training material, working papers, and CSC call statistics.

3. Interview DI Branch CSC managers and key staff, and visit all five CSCs observing conditions and call answering.

4. Prepare and distribute a detailed questionnaire regarding their CSC's management, operations and performance to all CSC managers. Review the completed questionnaires and follow up with additional questions or discussion as necessary.

5. Attend CSC managers' quarterly meeting to better understand the managers' issues, plans, and CSC management processes.

6. Visit and interview two DI Claims Management Offices to ensure a broader understanding of how the CSC's processes interact with the claims office functions.

7. Meet with EDD's Call Center Operations group to discuss their plans and views of DI's CSCs and to better understand the call center technologies employed.

8. Meet with DI staff of the Training and Staff Development Unit, the Program Quality and Integrity Section, and the DI Automation Project to learn how these programs impact the CSCs.

9. Survey other State and non-State call centers to determine performance objectives for similar call center organizations.

10. Document the existing CSC management, operations and performance in a draft interim deliverable (section 3 of this report). Provide this documentation to EDD for review and correction.

11. Continue additional discovery tasks as necessary until the end of the project.

Assessment:

12. Assess the management, operations and performance of the DI CSCs from the perspective of industry best practices.

13. Develop the assessment and analysis in a written form for inclusion within the draft and final report (sections 4, 5, 6 and 7 of this report).

Recommendations:

14. Develop a draft of written short term recommendations for improvement of CSC management, operations and performance (section 8 of this report).

15. Develop a draft of written long term recommendations for improvement of CSC management, operations and performance (section 8 of this report).

16. Present and discuss the final report findings to the DI Deputy Director and to the DI Project Manager.

17. Present final written report, inclusive of all changes, to the DI Project Manager and DI management.

3. EDD Disability Insurance Branch – Field Operations Division

3.1. Field Operations Division Program Management

The DI Branch Field Operations Division services are organized into two geographical regions within the State. Management is structured under a Northern Area Administrator and a Southern Area Administrator who each report directly to the DI Branch Deputy Director. The Area Administrators are responsible for the management of the 5 Call Center Services (CSCs) and 16 Claims Management Offices (CMOs). The management within the CSCs is described in their individual summaries, below.

Support services for the Area Administrators' CSCs and CMOs are provided by specialized staff including the DI Telecom Unit, the Training and Staff Development Unit, and the Program Quality and Integrity Unit. These units are a part of various specialized program groups under the DI Division Chief, who also reports directly to the Deputy Director. Additional support resources are available to the DI Field Operations Division, such as the Call Center Operations Group (CCOG), through EDD.

3.1.1. DI Claims Process

Claims Management Offices - Services

The Disability Insurance Field Operations Division is responsible for 16 Claims Management Offices (CMO) as well as the CSC locations. CMOs process the initial claim applications received by mail and from walk-in claimants. The CMO opens new claims and may provide additional support services through communications with claimants, worker's compensation carriers, employers and medical providers. As claimants often have challenges in fully satisfying the requirements of their initial claim, have questions regarding their benefits and payments, or have other issues once the claim is opened, they frequently call to address these concerns and issues. Although there are variations to the claims process from this point forward based on the program, the general process for English and Spanish speaking callers is described herein and variations by program and CSC facility are presented in the individual CSC site summaries.

Claimants Interaction with a CSC

Claimants for the PFL or NDI/SDI-SE benefit programs call the dedicated English or Spanish toll free numbers for each of those programs. These numbers are available on the documents provided to them, directory assistance and from the State's website. After the caller has an opportunity to be assisted by the Interactive Voice Response (IVR), programmed for the unique messages for that benefit program, they may elect to be transferred to an agent for further assistance. Although the caller may not be helped by the examiner assigned to their file, they are assisted by fully trained and empowered examiners. PFL callers who speak languages other than English or Spanish are prompted to leave specific information and their cases are handled by an appropriate resource (see the individual review of the PFL site and services).

DI claimants with open or pending claims are directed to call dedicated DI English or Spanish toll free numbers. Calls are distributed by a monthly percentage allocation to one of three DI CSCs, as presented in section 3.5.4. After interaction with a DI IVR, callers who elect to be transferred to a CSC are routed by the IVR to a DI CSC site.

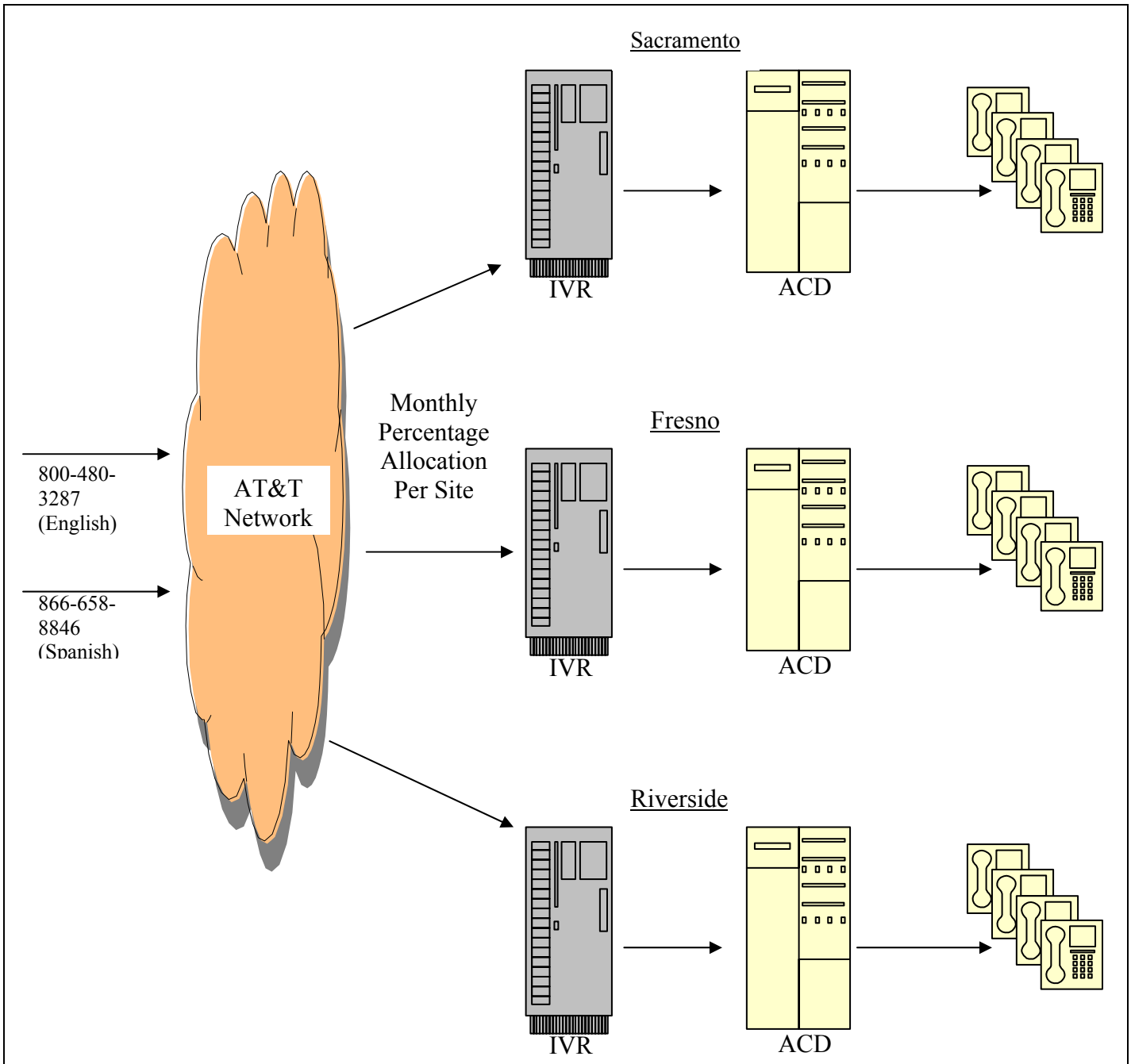

Chart 1: DI Network Architecture

Claims processing may be delayed when claims are incomplete or lack documentation from other parties (such as medical providers and employers) or are not mailed timely. Follow-up calls from claimants begin coming into the CSCs, often before the claim has been processed in the CMO. Typical claimant issues are reported to include questions like: "What is the problem?", What is missing?", "Did you receive the document?", "I mailed it last week…" or "I was told it was sent…" "…why don't you have it?".

On a new claim, beyond providing clarifications on the program benefits and explaining claim-specific issues, such as what documents are missing (as currently reflected by postings in the electronic file), there are limitations on what the DI CSC examiners can do with the caller. Often the examiners can only direct callers to resend (by mail or by fax) missing or yet to be processed documents to the CMO. This often results in duplication of documentation and therefore complicates an already cumbersome process.

If additional documents are being sent to the CMO, or if the CMO examiner assigned to the file must take additional action, the CSC examiner often places the claim on a "one-day suspension", thereby also notifying the CMO examiner (and that office) of the need for the additional action. An additional document or fax sent to a CMO will be distributed to the appropriate examiner for that file. After a claim is opened, the actions a CSC examiner takes on behalf of the caller vary based on the examiner's experience and the specific policies of the DI CSC site that receives the call. Furthermore, if the DI caller appeals to the CSC examiner with a compelling hardship, that call may be escalated for priority handling. Variations in the call handling by site and by benefit program are presented in greater detail in the individual CSC discussions in Section 3.6.

DI Field Operations Process Agreement

In order to establish conformity of services and a better understanding between the CSC and CMO personnel, a DI Field Operations Process Agreement (often referred to as a "Partnership Agreement") was created following meetings and discussions with the DI Management Team. The current version of this agreement is found in Appendix D of the Customer Service Center Policy Manual.

3.2. DI CSC Telecommunications Systems

3.2.1. Automatic Call Distribution (ACD) & Business Telephone Systems

All of the DI CSC sites are served by Automatic Call Distribution (ACD) applications and features of an AT&T Central Office (CO) based DMS-100 telecommunications switch manufactured by Nortel. The examiner call takers and their immediate managers use Nortel telephones, model 5216. All examiners have a primary line that is their ACD extension as well as a secondary Direct-In-Dial (DID) Centrex extension with Voice Mail.

It is common for CSC managers to have a Nortel telephone model 5316 for easy access to the ACD personnel and to ACD features including the ability to close the queue, directing callers in queue to an alternate message when it is appropriate, such as in the event of a fire evacuation or other specified condition. While managers may have additional features based on their respective and individually programmable Class of Service (COS), the primary difference between these instruments and the DIPR examiner's set is its speakerphone feature.

Callers that reach the ACD and are placed into queue hear a generic announcement stating that all examiners are busy and asking them to hold while listening to music.

3.2.2. Call Center Management Information System (CCMIS)

DI Telecom Unit staff and CSC managers/supervisors use the Nortel Call Center Management Information System (CCMIS) software (version 6.0.1) for the management of the DI CSC ACDs. The Nortel CCMIS is a CALNET 2 product offering for use with CALNET 2 ACDs. CCMIS is a software tool for managing the ACD queues and examiners ("agents" in ACD terminology) who handle DI ACD calls. CCMIS helps managers and supervisors plan, manage, and monitor their ACD operation by collecting statistics on the performance of network configurations, call traffic, and personnel. CCMIS reports these statistics as:

- a numeric or graphic, real-time online display,
- a series of standard management reports, or
- custom management reports

General information about the Nortel CCMIS can be found at AT&T's CALNET 2 website at: https://ebiznet.sbc.com/calnetinfoii/uploads/REV_PROT_MSA1-Prices-12-13-07.xls at the "Local_ACD_MIS" tab, and feature name "Nortel MIS ACD".[1] More detailed information is available at the Nortel technical support page for CCMIS at http://support.nortel.com/go/main.jsp?cscat=OVERVIEW&poid=9318.

3.2.3. Interactive Voice Response (IVR) System

IVRs receive all inbound calls from claimants before calls can reach the CSC ACDs. The IVR provides callers with automated services, including various menu choices. Examples of the IVR options include the ability to select their preferred language (even though they may have called on the toll free number associated with their preference) and obtain a basic amount of benefit and claim related information. Callers may also check on the status of their current payment, order claims forms, or request a copy of their payment history.

3.2.4. Voice Mail System

Voice Mail for the CSC facilities is a feature provided by AT&T through the CALNET 2 contract as well. Generally, within the CSC applications voice mail is used on the examiner's second line (private or DID Centrex line) and calls from claimants, or escalated calls forwarded to managers are not directed to voice mail.

[1] The CALNET 2 product description of "VU-ACD/100 MIS" with the feature name "MIS for ACD" is not the product used by EDD and does not apply.

3.2.5. Supervisory ACD Monitors

Managers, by COS authorization, have access to supervisory capabilities of the DMS-100 ACD by the CCMIS in order to observe the activities of personnel, make changes in the routing of calls and generate ad hoc and scheduled reports on ACD activities.

Additionally, each CSC site has a person assigned as a "Gatekeeper". The purpose of this position is two-fold:

- Monitor ACD queue activity on a real-time basis, moving bilingual personnel from the Spanish queue's examiner group to the English queue group, and back, as service demands dictate,

- Observe the activities of examiners and, based on individual CSC practices, assist in managing personnel to ensure productivity expectations.

The location and function of the Gatekeeper is generally assigned to a specific workstation that is occupied by the individual assigned that responsibility for the day (along with a back-up during breaks). The Gatekeeper function may also be provided to Managers to use from their own workstation based on an approved authorization.

3.3. Telecommunications Network and Call Flow Process

All calls to EDD Customer Service Centers are delivered through dedicated toll-free numbers (hereinafter referred to as "800" numbers and service). For each of the DI programs, callers are subdivided by language, based upon the published, dedicated 800 number dialed, or as selected from IVR system options. The services provided in languages other than English and Spanish vary by program and are addressed in the individual CSC reviews in Section 3.6.

The IVRs are the first point of contact for all callers seeking assistance with submitted DI claims. In addition to confirming the language preference for each program, the IVR serves four primary functions:

1) Enables callers to confirm the status of their payments,

2) Provides the ability to get information about a limited number of commonly asked questions,

3) Enables the caller to request that a payment history or forms be mailed to them, and

4) Allows callers that wish to be assisted by an examiner to be transferred to the appropriate ACD queue group for the next available DIPR for the language of their choice (English or Spanish).

In addition to having a menu selection option to speak directly to a CSC examiner, callers have the option to "zero out" (dial "0") at any time in the IVR process and they will be transferred from the IVR to the ACD system for the appropriate program.

When callers "zero out", a recording advises them of the possibility of extended wait times (seven to ten minutes) and describes the times of the week when wait times are typically less than seven to ten minutes.

As a call is presented to any of the DI CSC ACD systems, one of three events will occur. Ideally, the call will either be immediately presented to the longest waiting available examiner, or the caller will be placed into a *First-In/First-Out* queue, providing the caller with an opportunity to wait for an available examiner. While in queue, callers hear music-on-hold interrupted by an announcement every 30 seconds asking them to continue to wait.

A third possibility occurs when the number of callers waiting at any one CSC ACD reaches a preprogrammed capacity. When a capacity threshold is reached, the following callers are provided with a "deflect message" recording stating, "*We're sorry, the maximum number of callers waiting to speak to a representative has been reached - please call again, thank you"*, and are then disconnected. These calls are counted as "deflected" calls in the ACD statistical reports. When a caller has been deflected, their only option is to keep calling back, via the 800 numbers and through the IVR in an attempt to get into the queue. If the CSCs are fairly busy, as often occurs in the DI program, it is likely that this effort to reach the queue may occur multiple times each time a claimant needs to speak to an examiner through the life of a claim.

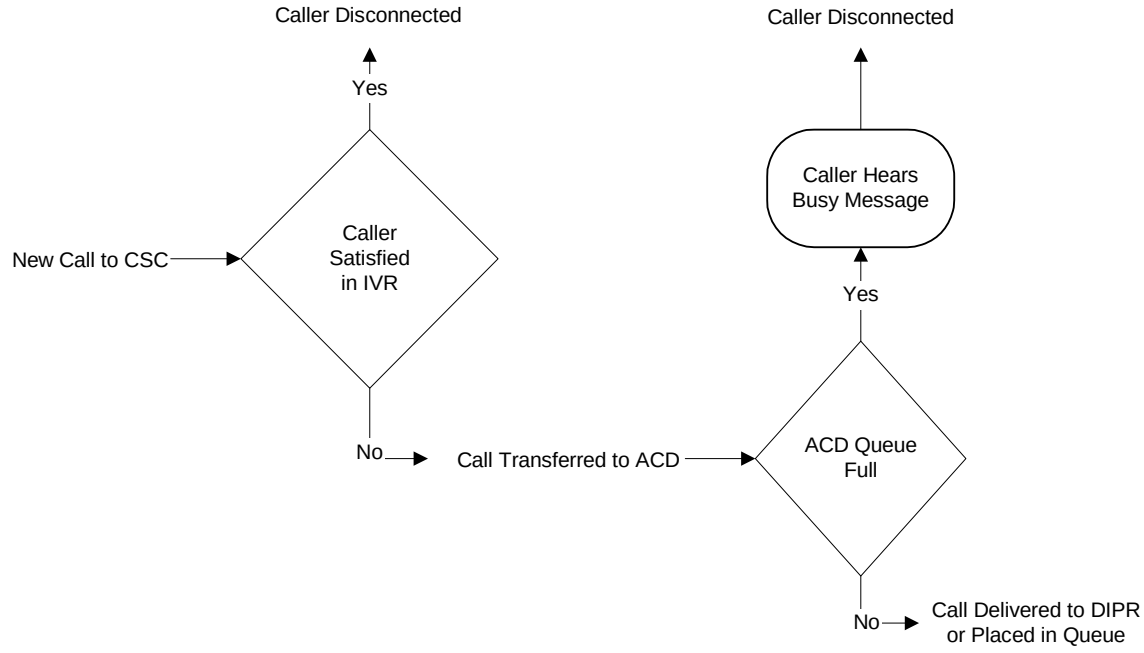

Chart 2: Typical DI Customer Call Flow Experience

There are two programmed system limits *for each ACD queue* that create deflections:

- a *queue time threshold*, and
- a *number-of-calls in queue* quantity limit.

The programmable *queue time threshold* is preset by DI at 600 seconds (i.e., the longest waiting caller has been in the ACD queue for 10 minutes). When this threshold is reached all new calls are deflected. The system then waits until that particular call is answered (or hangs up) before the queue is reopened to additional callers to refill the queue.

The *number-of-calls in queue* quantity limit fluctuates as it is based on a ratio of calls to the number of examiners that are currently available to handle calls. The DI CSC ratio has been defined by the Central Office to be three-to-one, or up to three callers waiting in queue for each call taker. Unlike the time based threshold above, the *number of calls* limit can be adjusted by the individual CSC site management.

3.4. CSC Site Operations

The following description of CSC site operations provides the generally applied practices. Variations are defined in each of the individuals CSC reviews in Section 3.6.

All DI CSC calls arrive from an IVR and are ideally routed to the appropriate ACD queue and to the next available examiner (or if more than one is logged on and available, the longest waiting available examiner). Virtually all of the CSC examiners have headsets that they wear when speaking to claimants. The ACD is programmed to enable calls to be automatically delivered to the examiner's headset, preceded by a brief tone, without the examiner needing to do anything prior to the delivery of the call. If an examiner wishes to use the handset, they also have that ability.

Upon completion of a conversation, the examiner has the option to either disconnect the call or to wait until the system recognizes that the caller has hung-up. In either case, the examiner is then automatically placed in an "available" mode and is able to have another call delivered to the headset.

The ACD has a programmed parameter that defines the time between calls. During that time, the examiner has a few moments to enter keystrokes on the ACD telephone to indicate a change in their mode (from "available") or to "log off" of the ACD system.

Each of the CSCs has the same Service Level goal of answering 90% of all calls within 240 seconds (known as the "90/240" goal) that was reported to have been established based on the Unemployment Insurance Target Service Level. The DI 90/240 goal was stated in the 2002 Report to the Legislature, and the performance of CSCs, managers, and staff is measured to that "goal". The 90/240 goal is calculated by dividing the total calls answered within 240 seconds by the total calls presented to the ACD (including deflected, abandoned and answered).

Examiners are encouraged to handle as many calls as they can based on their individual experience and training as long as these transactions are professional and businesslike. Staff is aware that their individual performance is being automatically tabulated by the ACD CCMIS software.

Should a call need to be escalated, it is transferred to a designated manager or specialist. Examiners who are escalating a call to a manager or specialist are generally not permitted to transfer callers to voice mail.

DI CSCs use Walk Away Codes to identify other activities examiners may need to perform, removing them from the call queue, but maintaining their logged-in status. DI has established 17 codes[2], used to identify the reason that the examiner is not taking calls.

Walk Away codes are used for both call management functions (wrap-up codes to do work related tasks) and for staff management functions (breaks, lunch, training, etc). The Walk Away codes are included in the CCMIS calculations of "After Call Work Time". If Walk Away codes are applied inconsistently between the CSCs, the activity reports would also be inconsistent. Examiners using Walk Away codes are still considered by the ACD as part of the examiner pool. Therefore, examiners that are logged in all day to the ACD, but not on a "wrap up" code, will affect the After Call Work Time statistic found in various ACD management reports.

Although the ACD also has the ability to quantify the reasons for, or topics of the incoming calls through the input of Line of Business (LOB) codes, these codes are only used periodically to generate an occasional survey. When required, LOB codes are entered by the examiner with each call. Currently this function is not in use at the any of the CSCs.

Most CSC offices take advantage of the use of wallboards to display statistical information regarding the ACD statuses. At each site, several of these displays are located high on the walls throughout the call center and are intended to be easily visible. The wallboards are monochrome and alternate between the Time/Date, Spanish queue size (quantity and longest waiting), English queue size (quantity and longest waiting), and number of available examiners available to take calls per queue. An exception to the use of wallboards is noted in the Fresno PFL and DI CSCs. Because of the installation of taller partitions, to provide this information to staff in Fresno a pop-up software solution is deployed on each examiner's PC that is known by its manufacture's name, Symon.

Every examiner has a PC providing access to the internet, intranet, normal business applications, and the DI Single Client Database (SCDB).

[2] The list of Walk Away codes is identified in the Customer Service Center Policy Manual (200.7) and has been modified to accommodate different staffing functions. The codes identify that examiners are on break, lunch, training, specialized calls (TTY, Public Service Project, etc), and generic wrap-up functions, among others.

At each site the ACD queue operation is monitored and to a limited extent controlled through the use of the Nortel CCMIS application running on a PC and providing management oversight of examiner, queue, and system status. Both real-time viewing and historical reporting are provided through the CCMIS application.

As previously mentioned, typically there is one dedicated position (called a "Gatekeeper") that is used to both monitor the examiner activity (status) and to reassign individual DIPRs between the Spanish and English queues as traffic loads dictate. The Gatekeeper has the primary responsibility to observe the activities of the examiners and to assist management in the oversight of personnel. For instance, if the examiner enters an incorrect Walk Away code, they could appear as idle believing they are "Available" to take calls. This would have to be recognized by the Gatekeeper and then addressed. Individual sites have different policies and practices for this position.

3.5. Management of Personnel

3.5.1. Hiring

The hiring process for CSC DIPR positions is dictated by State personnel policy. As the CSCs have a fairly high turnover rate, positions are often vacant, or new staff are in the training and probationary period of their employment. It was reported that the DIPR position is often considered an entry level opportunity into State employment, and it is not uncommon for staff to move to other State positions (or from a more demanding position at one DI CSC to another).

3.5.2. Training

CSC examiners are trained using the Disability Insurance Determinations and Policy Manual (DIDPM). Additionally, a separate training manual specific to the CSC training curriculum, known as the DI Branch Customer Service Center Policy Manual (CSC Policy Manual), was originally developed for the Sacramento CSC. It was further refined by the Central Office and utilized at the other DI CSC sites as they were established.

CSCs typically employ a twelve week training program for new DIPRs. Additional training is integrated with on-the-job training and call handling experience. CSCs generally keep DIPR training groups working together through on-the-job training.

In addition to the specific policies and guidelines for a CSC examiner, the current CSC Policy Manual (May 15, 2007) contains instructions in call procedures including the standard greeting format for answering incoming calls, use of LOB and Walk Away codes, and examples of answers to typical questions. Furthermore the systems that provide service to the caller (such as the IVR) are explained so the examiner has an understanding of how these devices assist in meeting the callers' needs.

This information is helpful as CSC examiners have the need for a unique skill set associated with the call taking activity. Beyond knowing about SDI program, policies

and benefits, CSC examiners need to develop skills for dealing with confused or frustrated callers, stress management, and they require ongoing training, evaluation, and management. Measurement of individual call handling skills is addressed within the Field Office Basic Evaluation System (FOBES).

At one time training was primarily a Central Office responsibility, but over time and as a result of budgetary issues, the training responsibility was shifted to the individual CSC sites using the materials previously provided. As priorities and resources permit, the Central Office Training and Staff Development Unit is prepared to update and refine materials as needed, as well as further support the CSCs if requested.

3.5.3. Hours of Operation

The published hours of operation for all DI CSC call centers are from 8:00 AM until 5:00 PM, Monday through Friday. As this requires nine hours of call coverage the individual call centers stagger staff schedules, including lunch and break schedules, to best satisfy their traffic patterns. The DI Telecom Unit has worked with the individual site managers to create a system-controlled reduction in queue size at the end of the day. This allows staff and managers (who often take the last few calls themselves) to leave for the day, without ignoring a caller who might otherwise be left in the system queue. Each site has the ability to open or close each of the queues from a management telephone.

3.5.4. Work Force Management

The DI monthly allocation of calls and the associated workforce scheduling at DI are currently determined through complex and cumbersome manual processes. It was explained by the Telecom staff that the percentage allocation of DI network traffic is derived from a series of weighted factors. These factors are then used to determine the allocation (percentage) of traffic to each of the IVRs in front of the three DI call center ACDs. The monthly allocation is based on many factors including current staffing levels, known vacation schedules, training and meeting schedules, and new trainee effectiveness which is weighted on relative degree of on-the-job experience among other components. For the most part, this schedule is fixed for each month and only adjusted by exception and with management approval. In the case of the PFL and NDI/SE programs, since these are single dedicated call centers, there is no allocation of traffic required. Similarly complex manual systems are employed by the CSCs for scheduling of personnel.

3.6. Operations & Facilities at Individual CSC's

The following section provides information related to each individual CSC, as their unique operations and facilities differ from the systems and operations above.

3.6.1. State Disability Insurance (DI) – Sacramento

The Sacramento DI Customer Service Center (known as "Sacramento 209") is located at 5009 Broadway, Sacramento CA 95820. Sacramento 209 shares the building with a Workforce Services Branch office, although Sacramento 209 has its own entrance and public counter. This facility was originally a DI CMO before it was converted to a dedicated CSC in 1998.

The Sacramento CSC Office Manager (DIPM III) reports to an Employment Development Administrator and at full staff oversees nine managers (two DIPM II and seven DIPM I), sixty-six DIPRs (examiners), and nine other staff (clerical, custodial, etc).

Two DIPM IIs assist the Office Manager in addition to directly overseeing the daily activity of their DIPM Is. The DIPM Is each have ten to thirteen DIPRs that they directly manage. The Gatekeeper position, located in a dedicated cubicle in the corner of the facility, is staffed by a DIPM I on a scheduled basis. In the Sacramento CSC the training of new DIPRs is reported as being provided by "qualified" examiner call takers.

The CSC portion of the facility has two private offices that accommodate the Field Office Manager and Assistant Manager. All other managers and staff work in cubicles of varying size with low partitions. The CSC has a large training room that can accommodate twelve trainees plus the instructor, as well as a large and small conference room.

Unlike the other DI CSC sites, this Customer Service Center has a small (one position) public counter. The counter receives forty to fifty walk-in claimants per day that typically have a need to drop off supporting claim information, pick up forms, or request information about the claims process. The documents received that are related to new claims are then forwarded to the appropriate CMO for that claim.

As with the other two DI CSCs, Sacramento CSC receives its inbound call traffic as a result of the monthly percentage allocations. The following chart reflects the 2007 call traffic data as provided by SDI for the DI CSC Office 209.

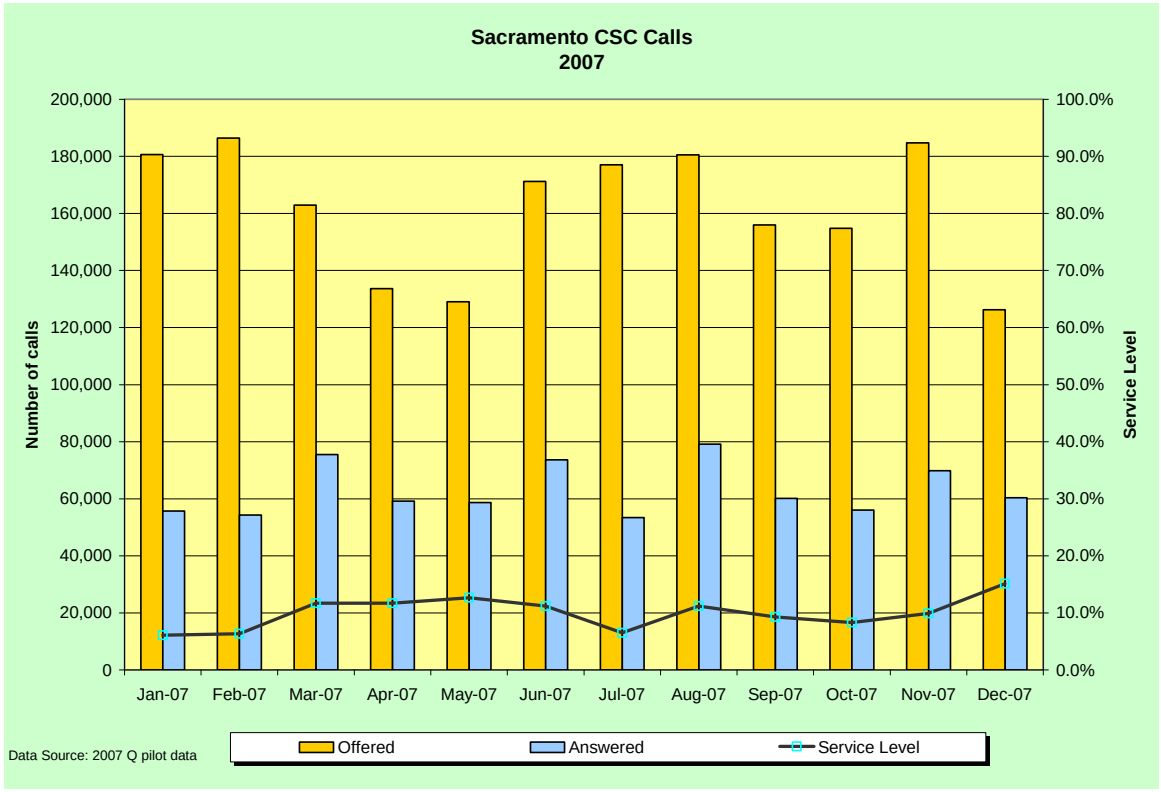

Chart 3: Sacramento CSC Calls

This chart represents the total offered and answered calls to the Sacramento CSC by month as well as the reported percentage of calls answered within 240 seconds.

In responses to this report's questionnaire, the DI Sacramento CSC reported:

- In addition to acknowledging customer's needs and striving to answer 90% of the calls within 240 seconds, the management team also cited the importance of providing a work environment that addresses employee job satisfaction and morale issues.

- The lack of remote call monitoring is one of their biggest challenges. They feel it would help them identify training and coaching opportunities and that accountability would increase if CSRs knew this type of system was in place.

- The IVR can be improved in a number of different ways, including:

  - Provide the receipt date of the check
  - Provide real time of process delay in the CMO
  - Batch information for DE 2501's. Claimant will then know the claim has been received and provide the process time

- Change the wording from "last check authorized" to "current check issued" - claimants take it to understand that they will not be receiving any more checks and wait to speak to a CSR for an explanation
- Allow the claimant to do a change-of-address
- Provide status of forms received
- Prep caller on the IVR that they will be asked to provide their SSN.
- Make it clear in the IVR that they are calling SDI and not UI or any other agency

- CSC management recommends that there should be much more frequent communications from the Telecom Unit regarding call trends, days of the week, and times of day that calls are heaviest and lowest. They feel that Telecom should provide and discuss this data with CSC offices at the DI Branch level to ensure they are scheduling training and meetings at the best possible times to maximize CSR availability.

- A number of factors that affect morale were identified, including:

  - Operational issues
    - Elevated calls need to be noted by the DIPMs and CSRs in case the claimant calls back
    - Availability of the claimant's SSN prior to assisting the caller
    - Being able to resolve complex claims in a timely manner

  - Performance and recognition issues
    - Knowing you've helped someone
    - Rewards such as movie tickets, dinner cards, praise, employee recognition, "Thank You's" from claimants,
    - Opportunity for promotional advancement

  - Management issues
    - Having a good rapport and support from management
    - "When helping a claimant and taking longer on a call and the Manager asks for justifying the time, it's like a slap on the hands"
    - Trust to do the job, having clear expectations, being accountable

  - Environmental issues
    - Common courtesy from management and from co-workers
    - Current and efficient equipment
    - Repetitive tasks in a "blah" environment

- The absenteeism rate at the Sacramento CSC, including scheduled time off, is 30%

3.6.2. State Disability Insurance (DI) – Riverside

The DI Riverside Customer Service Center ("DI CSC Office 223") is located at 1190 Palmyrita Ave., Suite 100, Riverside, CA 92507.

This office is managed by an Office Manager (DIPM III) who reports to an Employment Development Administrator. At full staff the Office Manager oversees two DIPM IIs and nine DIPM Is who manage eighty-four DIPRs in addition to other support personnel. The DIPM Is each have six to twelve DIPRs that they directly manage.

The building is a modern single-story facility located in the back of an industrial park with security access controls. The facility is currently full and there is limited filing space. As printers are distributed, examiners need to leave their workstation to retrieve printed documents related to calls.

This facility was originally a DI CMO before it was converted to a CSC and began operations in February 1999. As a result, many of the staff at that time were already knowledgeable about the DI program, although not necessarily enthusiastic about assuming their full-time status as CSC examiners on the telephone.

Training is performed by four to five on-the-job Trainers who rotate this responsibility and are selected from the examiner pool.

A unique aspect of the Riverside DI CSC is that in 2007 it conducted a pilot program named the "Problem Resolution Unit" (PRU). The PRU was intended to allow staff to refresh their "determinations skills" while handling certain cases referred by other agents. Cases referred to the PRU are based on a hardship or that require expedited processing on an obstructed claim. The majority of the cases referred to the PRU involved additional medical information. For additional information on the PRU, see report section 4.1.

The following chart reflects the call traffic data provided by SDI for the DI CSC Office 223.

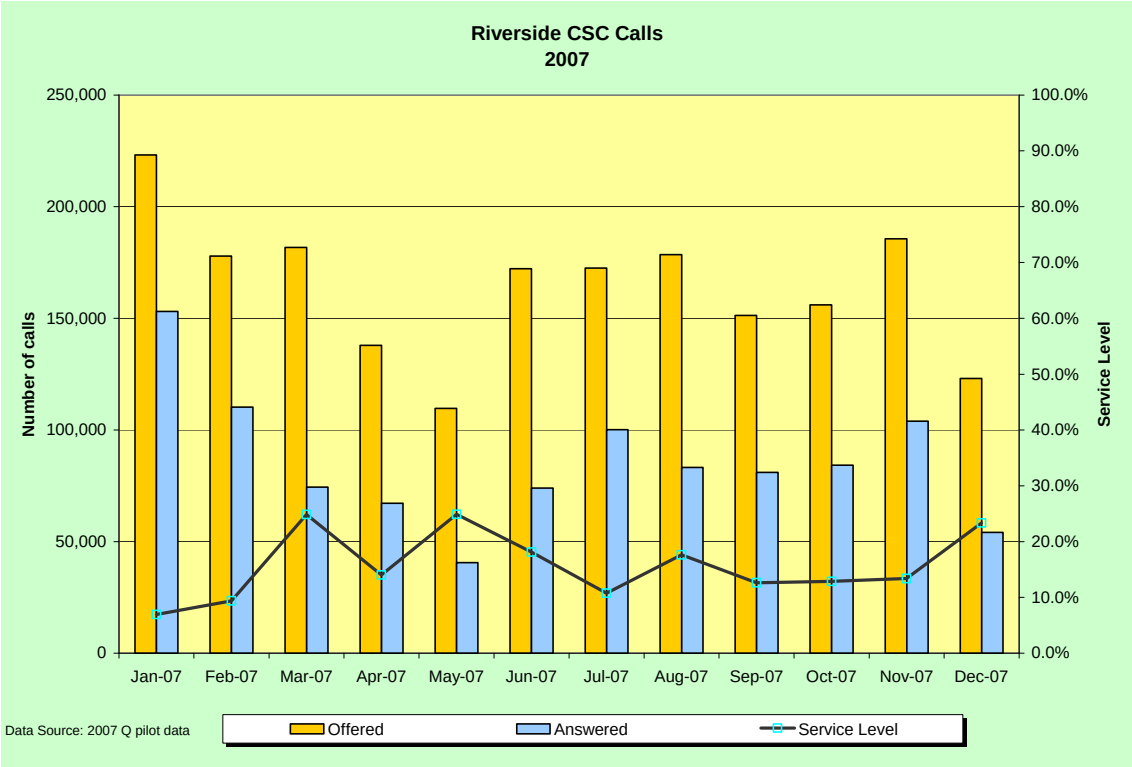

Chart 4: Riverside CSC Calls

This chart represents the total offered and answered calls to the Riverside CSC by month as well as the reported percentage of calls answered within 240 seconds.

In responses to this report's questionnaire, the DI Riverside CSC reported:

- The biggest challenge to managers is the lack of remote call monitoring because they don't have real time oversight.
- First line managers spend a disproportionate amount of time training employees and would be able to be much more effective with a dedicated on-site trainer.
- Implementation of wireless headsets would reduce the perception that examiners are "tied" to the phone and may reduce health and safety issues regarding tangling and pulling of headset cords.
- Efficiencies would be gained if the walk away codes were shown on the examiner's telephone, so that they would know which code (mode) they are logged on with.
- Morale and the turnover rate could be improved by providing:
  - Differential pay for Call Center employees
  - Expanded parking facilities

- Expanded training opportunities for staff
- Higher pay scales
- Telecommuting

- The absenteeism rate at this CSC, including scheduled time off, is 25%.

3.6.3. State Disability Insurance (DI) – Fresno Hybrid

The Fresno DI Customer Service Center (known as the "Hybrid" or "Office 224") is located at 855 M Street in Fresno. The facility, in conjunction with the Fresno PFL program, occupies the entire eighth floor of the modern high rise building.

The Fresno Hybrid CSC Office Manager reports to an Employment Development Administrator and at full staff oversees three DIPM Is, thirty-four DIPRs, one Disability Insurance Specialist I and one Office Technician.

The Fresno Hybrid facility was the most recent DI call center to be placed in service, becoming operational in 2005. The office obtains its "hybrid" status because it is not dedicated to only handling DI calls. The office was created with the concept of handling the overflow traffic from the other two SDI call centers, as well as serving as a back up to the PFL program. The office has also been used to assist the CMOs with initial claims processing during exceptionally high volume periods.

As with the other two DI CSCs, Office 224 receives its normal inbound call traffic as a result of the monthly allocations. Providing backup to the PFL call handling is normally provided during scheduled periods, such as when the PFL staff is in large group meetings. Otherwise, the Hybrid office handles DI ACD call traffic like the other two DI call centers.

The Office 224 management team describes their hiring process as including a more detailed description of both the work requirements and expectations than may be provided to prospective examiners at other CSCs. Current examiners are included in the hiring interviews of new staff.

New examiners are trained as a team that stays together throughout the training period. The training for a hybrid center examiner includes two days of familiarization with the PFL functions that will qualify the examiner to handle PFL calls but not function as a fully trained PFL examiner.

Both the Hybrid DI and PFL programs share common reception, training, conference rooms and common personnel facilities.

A noticeable difference in the Fresno facility was the use of high wall partitions for the examiner positions.

Management stated that the general office space lacks sufficient storage space and (at times) other common facilities, such as training rooms and meeting areas since these are shared with the much larger staff of the PFL program.

The following chart reflects the call traffic data provided by SDI for the DI CSC Hybrid Office 224.

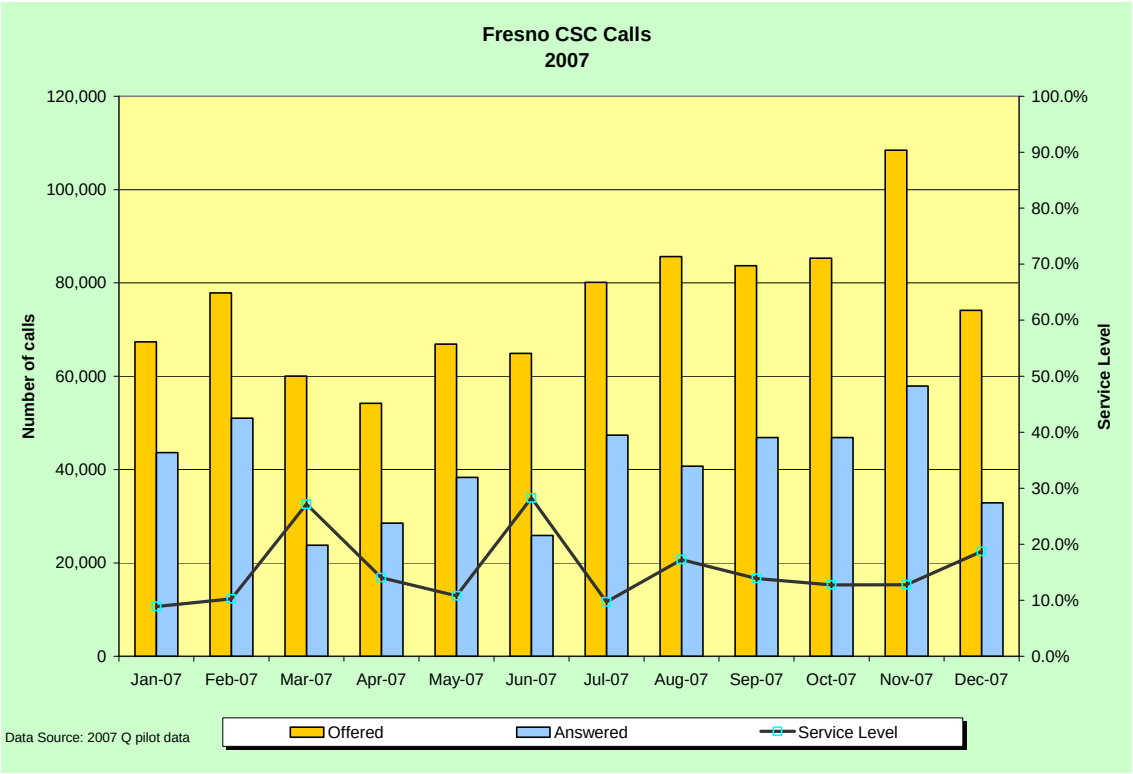

Chart 5: Fresno Hybrid CSC Calls

This chart represents the total offered and answered calls to the Fresno Hybrid CSC by month as well as the reported percentage of calls answered within 240 seconds.

In responses to this report's questionnaire, the DI Hybrid CSC in Fresno reported:

- The biggest challenge for the managers is not having remote call monitoring
- They feel the IVR should be modified to provide callers with the amount of the check issued and the when the next payment may be issued.
- Employee satisfaction and morale are measured by, among other things, the level in which staff volunteers for other duties.
- Local goals for the Fresno SDI CSC include:
    - 80-100 calls per day answered within 3 minutes or less;

- After call time being 50% of the office average walk away time;
- Completing 12-week block training and refresher training;
- Timely FOBES, Probationary reports, and Individual Development Plans; and
- Monthly training meetings and ongoing refresher training.

- The training at this site is only "somewhat effective" due to facility limitations in terms of lack of training space, shared computer training room, and lack of dedicated trainer.

- The absenteeism rate at this CSC, including scheduled time off, is 20%.

3.6.4. State Disability Insurance (SDI) – Paid Family Leave (PFL) - Fresno

The PFL Customer Service Center (Paid Family Leave "Office 225") is located at 855 M Street, Fresno. The facility, in conjunction with the Fresno Hybrid CSC, occupies the entire eighth floor of the modern high rise building.

This program is managed by an Employment Development Administrator (EDA) who reports to the Northern Area Administrator. When at full staff, the EDA oversees three DIPM IIs and nine DIPM Is who manage ninety DIPRs and other support personnel. Each DIPM I has eight to thirteen DIPRs that they directly manage.

The PFL program is co-located with the Fresno Hybrid program and share common areas including training, reception and conference rooms.

The PFL program has two categories of claims: Care and Bonding (primarily bonding with a newborn child but also for adopted and foster children).

Unlike the DI CSCs, the PFL CSC is normally presented with all the inbound PFL call traffic. The PFL program also accepts calls in any one of seven languages (English, Spanish, Cantonese, Armenian, Vietnamese, Tagalog, and Punjabi) arriving on dedicated 800 numbers. These callers are assisted in their preferred language in the IVR. If they request additional assistance, English and Spanish callers may be transferred to the ACD while callers in other languages are prompted to leave a detailed voice mail message. That message is then retrieved and the call is returned by language specialists available to the program.

The following chart reflects the call traffic data provided by SDI for the PFL Office 225:

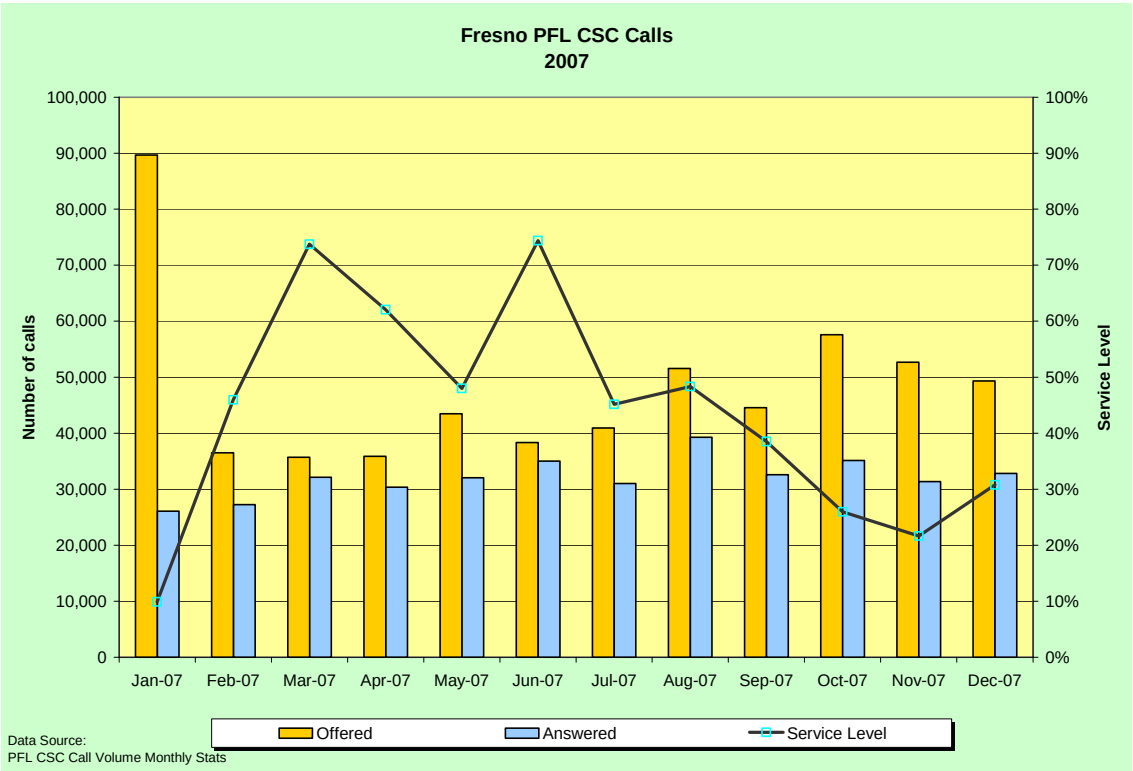

Chart 6: Fresno PFL CSC Calls

This chart represents the total offered and answered calls to the Fresno PFL CSC by month as well as the reported percentage of calls answered within 240 seconds.

In responses to this report's questionnaire, the PFL CSC in Fresno reported:

- Management stated that efficiencies could be achieved in a number of ways:
  - Employ remote call monitoring including the ability to see what screens that the examiner is looking at while they are talking to the customer.
  - Having calls go directly to the examiner that has worked on a claim and give the examiner a notification regarding the claim and possibly the SSN to look up before the examiner answers the call.
  - "Good" training for forecasting and at the moment forecasting.
  - Faster ways to track calls in real time and where those calls are being transferred.
  - Having the IVR give the correct program where the payment was made (PFL or DI).
  - Separate telephone line for doctors and employers.
  - Provide an e-mail option to request information, education and most commonly asked questions.
  - Provide program information while waiting to have their call answered.

- Allow customers who speak Tagalog, Punjabi, Vietnamese, Armenian, Spanish or the hearing impaired to be routed to the appropriate CSR.
- Claimants should have the ability through the IVR to make an appointment for their examiner to call them back to resolve a claim issue.

- They intend to use information gathered from a recent brainstorming session with the CSC staff regarding job satisfaction to improve the work environment.

- The CSC Staff suggests efficiencies could be realized by modifying the IVR to:

  - Offer the option for the caller to have the call routed to a specialty examiner for calls regarding appeals, overpayment, or workers compensation.
  - Allowing the customer to request forms in the IVR.
  - Notify customers to expect fourteen days for claims to be processed.
  - Advise customers of seven day waiting period.
  - Advise customers if their claim has been received and the estimated date that it will be processed.
  - Give customers the ability to access claim information on the internet.
  - Simplify the IVR because sometimes customers seem confused by too many menu options.
  - Advise the customer that if they were on SDI they will automatically receive a form for PFL once their SDI claim has been completed.
  - Erase information about elective coverage.

- Staff related that morale could be improved by lightening "manager workloads to concentrate on employee development".[3]

- Management advises that on-hold time (in queue) should be used for SDI program announcements.

3.6.5. State Disability Insurance (SDI) – Non-industrial Disability Insurance (NDI) and State Employees (SDI/SE) - Stockton

The Non-Industrial Disability Insurance (NDI) program ("Office 217") is co-located at 528 N. Madison, Stockton with the Stockton Claims Office (#210). The NDI program within SDI is a unique program specifically for State employees. In addition, the SDI/SE staff provides a discreet group of examiners to address the DI needs of SDI employees and other individuals that require special handling. In January of 2008 the center also began to handle the PFL claims for SDI/SE.

These programs are managed by a DIPM III who reports to an Employment Development Administrator. When at full staff the DIPM III oversees two DIPM IIs, and four DIPM Is who manage forty-eight DIPRs in addition to other support personnel.

[3] In response to question 44, "What are the primary factors that contribute to lowering employee satisfaction and morale?"

This is the only SDI call center that does not answer calls in multiple languages, handling all calls in English because they are mostly from State employees. A Gatekeeper monitors the calls into the NDI and SDI/SE queues and manages the number of examiners that are answering the calls in each queue. The examiners handle the entire claims process including the calls related to the claims. All examiners are trained to handle either SDI/SE or NDI claims.

The following chart reflects the call traffic data provided by SDI for the NDI and SDI/SE office 217.

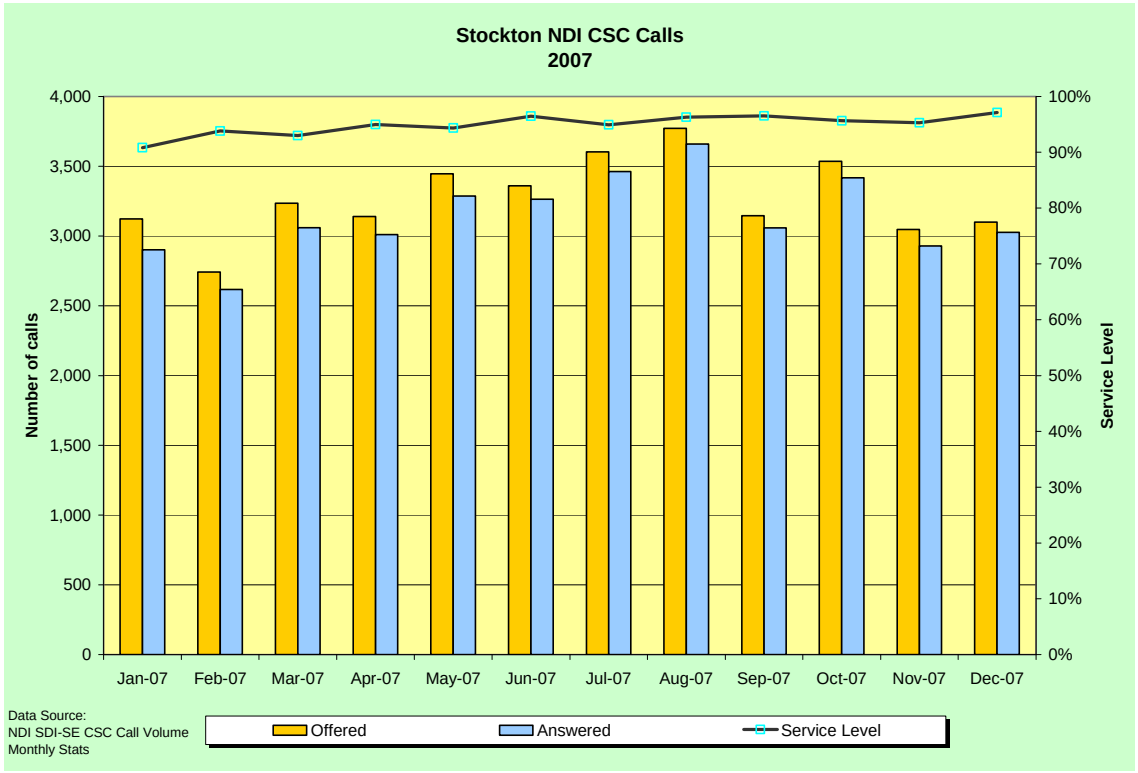

Chart 7: Stockton NDI CSC Calls

This chart represents the total offered and answered calls to the Stockton CSC by month as well as the reported percentage of calls answered within 240 seconds.

In responses to this report's questionnaire, the NDI/SDI-SE CSC in Stockton reported:

- It takes a trainee between two to three years to become fully comfortable with being a claims examiner at this office.

- The biggest challenge is the workload with a limited staff which is further complicated by the unique situation in this office of having two ACD queues feeding calls for the two different programs.

- They are currently working on the DI Automation Project which will offer self-service options and enable customers to file their disability claims on-line.

- Usually each agent is available to take calls approximately 2.5 hours each day and the average calls per agent depends on timing related to payroll cutoff.

- Morale is reported as "good" at this facility and influencing factors are:

  - Being able to help customers
  - Having appreciation and communication with staff
  - Thank you letters received from customers
  - Irate customers.
  - Employees feeling they have control over their claims
  - Showing appreciation to employees and acknowledging staff

- Management suggests that the IVR be modified to include clarification regarding the difference between California State University employees (which are NDI) and University of California employees (which are not NDI).

3.7. Disaster Recovery Planning

3.7.1. Service Resumption Plans

The Disability Insurance Central Office Telecom Unit has published a "Service Disruption Plan for Service Disruption to One CSC" (revised 6/12/06). This plan describes responsibilities of CSC management and Field Operations Division (FOD) personnel in the event of service disruptions. The plan addresses actions required for both premise based incidents (fires, natural disasters, etc) and technical based outages as well as the anticipated length of each outage. The plans for premise based incidents are categorized by Level A1 Disruptions (under one hour disruption) and Level C1 Disruptions (over one hour disruption). The plans for technically caused incidents are named Level A Disruption (under one hour), Level B Disruption (one hour to two days), and Level C Disruption (over two days).

3.7.2. Premise Based Incidents

DI and NDI/SDI-SE CSC management responsibilities for Service Resumption Plans for premise based incidents include initiating deflection capability in the ACD, advising a CO Analyst in the Telecom Unit of the circumstances, working with Telecom to redeploy staff to other locations in the case of Level C1 Disruptions, and reactivating the ACD when service can be restored. PFL CSC management responsibilities for Service Resumption Plans for premise based incidents include redirecting calls through the ACD to the SDI CSCs and advising an FOD Analyst of the circumstances.

The Telecom Unit's Analyst coordinates all communications with appropriate parties within FOD and DICO throughout the incident including notification of resolution. The Analyst also recalculates the percent allocation tables to redirect calls to the

remaining available CSC locations. In the case of a PFL CSC outage, the Analyst notifies the DI CSC sites of the redirection of PFL calls so that they can redirect their available resources.

3.7.3. Technical Based Outages

CSC management responsibilities for Service Resumption Plans for technically caused outages include attempts to rectify the cause with the CSC technical specialist prior to implementing steps similar to those described for a Premise Based Incident. Procedures for communications between the CSC, Telecom Analyst, Telecom management and DICO management are initially coordinated by the Analyst. The Telecom Analyst also takes steps to reallocate call distribution based on percent allocation tables just as in the case of Premise Based Incidents.

4. Future Considerations

4.1. Deployment of the Problem Resolution Unit (PRU) Model in DI

In April 2007 the Riverside CSC began an authorized pilot program known as the Problem Resolution Unit (PRU). The purpose of the PRU was identified as an opportunity for staff to refresh and develop their "determinations" skills, as well as to provide customers timely service.

This unit was initially staffed with highly experienced examiners, and "Hardship" calls that deserved immediate attention and met other criteria were directed to the PRU for completion. This reduced the time the primary DIPR group of examiners spent on these, often time consuming, calls and thereby improved the performance of the CSC.

The following criteria are now used to refer claims and/or printouts to the PRU[4]:

- A "Hardship" request on an obstructed claim.
- Requests for expedited processing on obstructed first and continued claims that require outgoing phone calls for resolution, and are beyond the normal processing time frames, e.g. 14 calendar days for a first claim, 7 calendar days for a continued claim.

Screening of all faxes and processing of solicited (authorized) faxes. Unsolicited faxes will continue to be routed to the appropriate Claims Management Office. The PRU pilot was deemed successful and at the time of this report this model is in the process of being deployed, as appropriate, in other DI CSC sites.

4.2. EDD DI Automation Project

DI is in the process of deploying a multi-phased DI Automation Project (DIA), as DI's continuing effort to improve the State's services to the program's customers. The DI

[4] Problem Resolution Unit Implementation Procedures dated 12/07/07

Automation Project is intended to enhance the DI claim processing experience by improving customer, employer and medical provider's access, reducing new claim errors, and reducing unnecessary delays. The Automation Project is expected to be implemented between 2009 and 2011.

DI management expects the following DI business functions will be enhanced with the implementation of the DI Automation Project:

4.2.1. Claim Intake

The proposed solution will improve claims submission processes by providing easier ways for claimants, medical providers, and employers to interact with the Disability Insurance Division (DIB). Medical providers will be able to directly interface with DIB. Intelligent forms will give claimants, medical providers, and employers more efficient access to DIB. If the claimant's medical provider has an electronic interface to the new DIA system, the claimant will not have to go to the medical provider to seek written validation; the validation can occur through the direct interface process. Incoming paper claims will be converted to electronic media via image scanning and optical character recognition (OCR) technologies. With validations and user prompts built into the electronic claim forms, incomplete forms will become a rare occurrence.

New applications will match claim information received through different intake methods. Upon receipt of necessary claim information, the DIA System will interact with the existing Disability Insurance System (DIS) to issue payments. If requested by the claimant, medical provider, or employer, non-mainframe forms may be sent electronically. The DIA System will maintain claims examiner notes and record changes.

Once all new intake methods are implemented, the solution will provide access to complete claim information electronically, eliminating the need to refer to paper documents. The DIB can electronically transmit file records to claims examiners for processing, regardless of their physical location throughout the state. Hard copy documents will not have to be mailed to other DI locations. CMO staff will no longer have to maintain a correspondence filing system where hardcopy documents and initial claim forms are stored.

4.2.2. Process Benefit Award

Although monetary review is included in DIB's existing automated system, the proposed solution will automate additional routine functions. In the proposed system, the term "monetary review" is replaced by the term "process benefit award". New applications will verify the accuracy of the associated wage credits upon which the benefit entitlement is determined and flag potentially erroneous wage credits. The solution will compare the claim with prior DI and UI claims that may affect eligibility for benefits.

Additionally, claims examiners will have access to entire electronic files containing claims information. Examiners will have the capability to electronically communicate with claimants' employers to report receipt of claims. Employers will be able to submit information electronically as well as review forms online if there are monetary review issues to resolve.

4.2.3. Eligibility Review

The proposed solution will automate a number of routine research processes to ensure that the claimant is eligible for DI benefits. The DIA System will alert the examiner to potential cases of fraud by checking the document against known fraud characteristics. If there are eligibility issues that can be rectified, the claims examiner can electronically notify the claimant of the issue in an attempt to resolve it. In the event of appeals, the entire claim file can be either printed out or made available electronically to the California Unemployment Insurance Office of Appeals and Workers Compensation Appeals Board for adjudication purposes.

4.2.4. Benefits Disbursement

The proposed solution will include new case management functionality to store, track, recall, and review financial information more effectively. Increased flexibility in accounting will include automatic update of claimants' records to reflect the benefit disbursement and assist in detection of potential fraud. All claim documentation will be filed in an electronic correspondence file. However, actual benefit payment will be a function of the DIS System.

4.2.5. Continued Claim Intake

Claimants will be able to submit continued claims electronically via the Internet. Hard copy continued claims will be scanned. When continued claim certification information is received, automated triggers and built-in business logic will determine whether a claims examiner needs to review the claim for eligibility issues or whether the claim can be continued as-is. This will limit the need for clerical and examiner staff to exception processing only.

The automated process will also enhance the current DIS autopay function. Once an automated determination has been made, the continued claims process will not require any further online key data entry of the information into the DIS. With this functionality in place, only rejected continued claims will require any processing intervention by CMO claims staff.

4.2.6. Status Inquiries

Currently, claimants can call Customer Service Centers to obtain information on claim status, payment history, eligibility information, employee contribution rate, and other general program and claimant-specific information. With the proposed solution in place, staff members (with security rights and privileges) will have access to the entire

electronic case management file and will be able to answer questions and respond to claimant inquiries more efficiently, thus providing a higher level of service to claimants. The proposed solution will provide security for all requests of personal health information and only allow access to sensitive information on a need to know basis.

4.3. CALNET 2

4.3.1. CALNET 2 Background

In 1991, a new State owned private network was deployed throughout California to provide telephone and data services for all Executive Branch Agencies. This private network (known as "CALNET") was installed and maintained by GTEL, a non-regulated subsidiary of GTE of California. In 1997, the State decided to discontinue the strategy of maintaining a private network and awarded a new joint contract for these services to Pacific Bell and MCI. Broadly stated, MCI was to provide long distance transmission services and Pacific Bell was to provide all other services. This contract became known as "CALNET" as well. When an RFP for the next contract was contemplated in 2003, the AT&T/MCI agreement became known as "CALNET 1" and the RFP for a new solution became known as "CALNET 2."

Corporate restructuring events further complicated the CALNET 1/CALNET 2 market. Before the end of the CALNET 1 term, Pacific Bell became part of the AT&T organization and MCI merged with Verizon (a company created by the merger of GTE and Bell Atlantic). Therefore, during the RFP process for CALNET 2, the incumbents (AT&T and MCI) became direct competitors in the same market.

The CALNET 2 RFP (RFP DGS-2053) included four independent modules that could be awarded separately. Module 1 includes traditional local service. Module 2 includes traditional long distance service and network based solutions. Module 3 includes IP solutions for voice and data transmission and associated equipment. Finally, Module 4 includes broadband fixed wireless access.

The CALNET 2 contracts were ultimately awarded to two companies: AT&T was awarded Modules 1 and 2 while Verizon was awarded Modules 3 and 4. This composition of authorized vendors was the result of open competition in the bid process and it provides an environment where the State benefits from continued competition for services, including emerging technologies.

The initial step involved with transitioning to the new contracts was to simply change the pricing for Module 1 products and services since AT&T was the incumbent. Transition of the long distance and network services involved moving the services to AT&T's network since MCI (now Verizon) was the incumbent. Modules 3 and 4 were technologies that were not offered under the CALNET 1 contract so transition policies were not required.

While each module addresses different platform solutions, there are some specific solutions that are available in more than one Module. During the RFP development process, Department of Technology Services, State Telecommunications and Network Division (DTS/STND) specifically included call center solutions in Modules 1, 2 and 3 with the expectation that agencies would benefit from being able to shop between local, network and IP based solutions. In fact, the required functionality of each platform solution is described to be the same for each platform. In essence, agencies can purchase similar ACD and IVR functionality from AT&T for locally based solutions (Module 1) and network solutions (Module 2) or from Verizon for an IP based solution (Module 3). Each of the solutions includes pricing based upon the number of seats or agent licenses.

Call Center functionality available from CALNET 2 Modules 1, 2 and 3:

- ACD functionality with various port sizes from a minimum of eight ports to 192 and above.
    - The Basic Agent Package is described as including eleven basic features:
        - Agent Inbound Line
        - Agent Status
        - Multiple Queue Options
        - Remote Agent Capability
        - Position ID
        - Call Present
        - Incoming Call Queue
        - Agent Priority Call Transfer
        - Emergency Alert
        - Call Source Identification
        - Clerical Tracking
    - The RFP also describes an additional twelve mandatory features that were to be offered with the Basic Agent Package but priced separately:
        - Abandon Call Clearing
        - Automatic Overflow
        - Call Priority
        - Night Service
        - Overflow Scan
        - Ring Threshold
        - Call Delay/Forced Announcement
        - Queue Status
        - Agent Queue Status Display
        - Called Number Display
        - Call Tracking
        - Controlled Access to PSTN/Switched Network
- ACD Supervisor's Package

- The Basic Supervisor's Package is described to include all of the features of the Basic Agent's Package as well as four additional features:
  - Call Agent
  - Observe Agent
  - Supervisor Answer Agent
  - Answer Emergency

- The RFP also describes five additional mandatory features to be offered with the Basic Supervisor's Package but priced separately (Additional Supervisor Position, Controlled Overflow, ACD Status Display, Position Status Display, and Position Status Summary Display.)

- ACD System Administrator Software Package is described to include:

  - Real time display of call center activity
  - Activation/deactivation of groups or queues
  - Assign passwords
  - Change the size of the agent group or queues
  - Move agents from one group to another
  - Modify queues
  - Change overflow routes and ring thresholds
  - Manage password levels of supervisors.

- Management Information Systems for Call Centers are available to track data in the form of reports and real time queries of call center data. The RFP describes 24 separate data elements to be tracked.

- IVR

  - The basic IVR product includes seven applications:
    - Automated Attendant
    - IVR Capacity up to 200 agents and 50gig of storage
    - Telephone Number Translator
    - Names Directory
    - Voice Library
    - Intelligent Call Transfers
    - Call Progress Detection

  - The RFP also describes seven additional applications to be offered with the IVR that are priced separately:
    - Voice Forms
    - Additional Voice Forms Storage
    - Fax On Demand or Fax Reply
    - Call Router Reports
    - Change Administration
    - Database lookups
    - Credit-Card Transactions

4.3.2. Unemployment Insurance Branch Deployment

EDD'S Unemployment Insurance Branch (UI), through EDD's Information Technology Branch, Central Call Center Operations Group (CCOG), has solicited networked ACD and MIS services from Verizon and AT&T, and has elected to obtain services from AT&T. These networked services will replace and expand upon the networked ACD and MIS services previously provided by Verizon (MCI) under CALNET 1. Because the new services were solicited prior to the award of CALNET 2, some of the solicited services have since become available from AT&T through its CALNET 2 Module 1 contract. Those CALNET 2 ACD services that were equivalent to those provided by Verizon under CALNET 1 have been transitioned to AT&T under CALNET 2. The remaining solicited networked ACD and MIS services are currently being designed by the UIMOD and AT&T and are anticipated to be provided through the CALNET 2 contract for implementation later this year.[5]

4.3.3. Deployment for Disability Insurance Branch

Like the UI Branch, DI has also transitioned its former Verizon ACD and MIS services from the CALNET 1 contract to AT&T's CALNET 2 Module 1 contract. This like-for-like contract transition has resulted in annual savings to DI in excess of $400,000 as a result of CALNET 2's lower pricing.

Upon implementation of the newly designed CALNET 2 ACD and MIS services, the same CALNET 2 features and functions are anticipated to be provided to the DI Branch CSCs. This upgrade will need to also involve design, approval, ordering, vendor development, testing, and implementation processes specific to DI, although the DI Telecom Unit states that they have already provided the design environment to AT&T during the initial discovery phase of the CALNET 2 transition.

4.3.3.1. Anticipated Benefits of CALNET 2

DI anticipates that the most significant benefit of the complete transition to the new UI-like design (following UI implementation) will be the effect of equitable and automatic distribution of all DI calls to all DI CSC examiners irrespective of the examiner/CSC location. Thus calls will be distributed from a single network queue to all examiners available to take the calls according to actual live examiner and call traffic work loads. This will eliminate the need for daily or monthly estimated distribution formulas by the DI Telecom Unit for traffic percentage allocations to the CSCs. DI also anticipates that as a result, more calls will be answered and/or the calls will be answered more efficiently.

[5] Dates estimated by various EDD staff for production implementation (providing live service) have been reported to be anywhere from March, the end of June, or by the end of 2008.

4.3.3.2. Possible DI Upgrades Prior to a Full CALNET 2 Deployment

Prior to the deployment of the new UI-like CALNET 2 solution for DI, UI and DI anticipate transitioning their ACD MIS systems from Nortel CCMIS to another less expensive MIS system also available from AT&T through the CALNET 2 contract. This MIS system is the VU-ACD/100 manufactured by Perimeter Technology. Information about this software product is available at AT&T's CALNET 2 website at https://ebiznet.sbc.com/calnetinfoii/, "MSA 1", at the "Local_ACD_MIS" tab, and feature name "MIS for ACD". Additional information is available at:
http://www.perimetertechnology.com/. DI anticipates that in addition to cost savings, the new software may eliminate certain problems currently experienced with Nortel's CCMIS system.[6]

4.4. CSC Personnel Considerations

There are a number of factors that impact the CSC staffing. These issues impact each of the programs in a slightly different fashion.

DIPR Retention – The DIPR position is often used as an entry level opportunity for those wishing to become State employees. After the successful completion of their probationary period, new DIPR staff assigned to the CSC call taking responsibilities often start looking for other positions within State government service. As is the case in the Fresno DI Hybrid office, DIPR's may apply and be accepted for a more desirable position in the same facility, working for PFL and perhaps just moving from one cubical to another. Nevertheless, the net result is that it can be difficult to retain DIPR call takers beyond the point in their training and on-the-job experience when they become proficient at their assigned task.

Retirement of Senior Personnel - Unfortunately, as is currently an issue in all State agencies, the current long-term employees who are well beyond their minimum retirement are now reaching a point in their lives when actual retirement is becoming a very real objective. DI is currently developing a "Succession Plan" to address the loss of key CSC personnel. However, the loss of knowledgeable and skilled staff is expected to impact services as other personnel are hired, promoted and trained to assume these positions.

[6] Problems reported by the DI Telecom Unit associated with their transition from CC MIS version 5.2 to 6.0.1 include examiners being timed-out, loss of CC MIS access when moving examiners from one group to another, and periodic crashes of the program.

4.5. Industry Standards for Customer Contact Center

4.5.1. Background

Operational standards provide benchmarks for gauging efficiencies and effectiveness of management, equipment, processes, and intangible influences. While standards may be effective indicators of effectiveness, it is important that standards, goals and expectations are understood within the unique conditions found in each individual contact or call center application.

It is widely accepted that there is great difficulty in applying "standards" from one application to a different service sector. In highly competitive industries such as transportation (i.e., airline, taxi, and limousine services), if a caller waits in queue too long or reaches a "busy signal" they may call again or they may call a competitor. For utilities (i.e., gas, electrical and to some degree cable services) a caller may not have any other option for service. Under these conditions, even frustrated callers are resilient and persistent.

Furthermore, even within any one service sector there may be different philosophies of customer service. A company may strive to impress a new customer (or in the case of the credit card industry, provide better service to customers with excellent credit that carry exceptionally high charges/balances) by prioritizing the calls from those customers, and allowing others to languish in queue.

Contact centers located in metropolitan cities with several universities, good weather and developed public transportation have a different potential labor pool than those in smaller communities. Each may have its own advantages in available personnel vs. turnover. Therefore, an acceptable "standard" for a delay in queue (and most other matrices applied to contact center services and the management of personnel) varies dramatically from one application to the next. The skills required of staff, the complexity of the calls, the available workforce that may or may not belong to a union, are only a few issues that make standards difficult to apply equally to different centers.

Understanding these limitations, the following research is presented for consideration:

4.5.2. Public Sector Contact Centers

In an effort to validate the DI goal for effectiveness in handling calls (i.e., 90% answered within 240 seconds), Mission Consulting interviewed other State and public sector contact centers. Understandably, because of the sensitivity of disclosing the activities and issues associated with achieving their service level goals, not all of those contacted felt comfortable sharing their challenges and call traffic data with consultants who are not directly contracted (with non-disclosure agreements) to that group. The following summaries are for the call centers who did not object to their information being made public. Although these applications vary in nature, each is striving to achieve a measurable service level:

California Department of Motor Vehicles (DMV)

The DMV maintains nine call centers with 525 call takers statewide. Calls are routed by area code and they experience an overall call volume of approximately 800,000 calls each month. Their goal is to answer 75% of the calls within 90 seconds and they are currently achieving that goal by answering 85% of the calls within 90 seconds.

California Department of Consumer Affairs

The Department of Consumer Affairs' call center in Sacramento answers 2,000 to 2,500 call each day with thirty-two call takers. They do not have a particular standard for answering calls, but their current Average Speed of Answer (ASA) is 40 seconds.

California Contractor's State License Board

Fourteen agents answer calls for the Contractor's Board that experiences a call volume of 15,000 to 18,000 calls each month. Their standard for answering calls is 90% within three minutes. They related that until recently, they had been achieving their goal and were answering almost 100% of their calls within 3 minutes, but have fallen below that level in the past couple of months.

California Department of Fair Employment and Housing

The Discrimination Complaints in Employment call center for Fair Employment and Housing related that they have nine agents handling 9,000 to 10,000 calls each month. While they do not have a standard for speed of answer, they feel that they answer all calls within two to three rings (12 to 18 seconds).

California State Lottery

This call center is small (four call takers) and their goal is to answer 90% of their calls within 10 seconds. They feel that they meet their goal, but they do not formally track their performance. This call center experiences a call volume of about 80 to 100 calls per day.

California Public Employee Retirement System (PERS)

Approximately 255,000 calls are answered each year at the PERS call center by eighty-three full time and twenty part time call takers. The service level standard they have set for speed of answer is 95% of the calls answered within 150 seconds and they are currently answering 91% within 90 seconds. They feel that their overall performance statistics have dropped in the past year because callers are becoming more educated through information provided on the internet before they call. The result is that call takers are answering more in-depth questions than they have in the past.

EDD Tax Branch

The EDD Tax Branch call center reported they answered about 645,000 calls in 2007 with over 70 call takers working at approximately 60 call taking positions. Their goal is to answer at least 90% of their calls within 60 seconds, but they averaged 67% within 60 seconds in 2007. However, they related that they feel they are occasionally achieving their goal during non-peak periods.

Public Safety Answering Points (PSAPs) for 9-1-1 Calls

The State of California Department of General Services' 9-1-1 Emergency Communications Office (9-1-1 Office) has established a standard for all 480 California call centers that answer 9-1-1 calls, of 90% of the 9-1-1 calls are to be answered within 10 seconds. While the 9-1-1 Office is not currently able to track performance on a statewide basis, they do review the performance with each PSAP management team and where the performance is below 90%/10 they help develop an improvement strategy. It is estimated that about 85% of the California PSAPs meet this standard, but wireless calls that are routed to the CHP PSAPs are not meeting the standard. The National Emergency Number Association (NENA) has developed a similar standard for all PSAPs nationwide: 90%/10 seconds and 85%/20 seconds. In some cases, the PSAPs are responsible for even more stringent standards. For instance, the Mountain View City Council has established a 100%/9 second standard for their PSAP.

California Relay Service (CRS)

The California Relay Service (CRS) is an outsourced call center service that provides specially-trained operators to relay telephone conversations back and forth between people who are deaf, hard of hearing, or speech-disabled and all those they wish to communicate with by telephone. The service is contracted by the California Public Utilities Commission (CPUC) to three different vendors each with their own CRS call center. These call centers answer about 325,000 calls per month from the public. Almost all types of CRS calls are required by contract to be answered within a daily Average Speed of Answer of 3.3 seconds. With only sporadic and limited exceptions, all of the contractors achieve or exceed this standard.

The above review demonstrates a wide variance of public call center performance standards or policies, as summarized below:

DMV ..... 75% answered in 90 seconds

Consumer Affairs ..... 40 second ASA

Contractors' Board ..... 90% answered in 180 seconds

Fair Employment and Housing ..... all calls answered within 12 to 18 seconds

California Lottery ..... 90% answered within 10 seconds

PERS ..... 95% within 90 seconds

EDD Tax Branch ..... 90% within 60 seconds

PSAPs ..... 90% within 10 seconds

California Relay Service ..... 3.3 second ASA

5. Managerial, Operational and Performance Issues

This section provides an assessment of the primary current policy and practice issues related to the DI Branch's CSCs.

5.1. Call Monitoring

5.1.1. Background

One of the most significant management tools employed within any contact center is the ability for managers and supervisors to monitor the conversations between call takers and customers. In interviews with EDD management and technical support personnel, the need for "Remote Call Monitoring" was universally identified as the single most important feature needed by management to improve CSC performance. While the potential use of a call monitoring feature represents undeniable benefits in call centers, it can also complicate employee - management relations. The following analysis includes a summary of call monitoring technologies, response from DI interviews and questionnaires, DI's past call monitoring experience, current system capabilities, and the experience of another State agency.

5.1.2. Call Monitoring Technologies

Call monitoring is a commonly deployed feature in contact centers. Prior to the development of sophisticated Automatic Call Distribution (ACD) systems and their application in call centers, call takers often used large multi-line telephones and, if they were on the telephone for a significant time during the day, the use of headsets helped reduce fatigue and freed the call taker's hands to perform other duties. From the earliest use of headsets, it was common to provide a second jack position on the telephone headset adapter to allow a supervisor or trainee to listen to the calls. This was primarily done to efficiently train new staff and to ensure consistency in the way call takers provide their service, as well as to enable the supervisor to provide assistance if requested. Early in the development of ACDs came a multitude of features including answering the longest waiting caller first, sophisticated reporting of call traffic and the activities of personnel, and the ability for the call monitoring to be performed without physically sitting next to the call taker. Call center personnel were typically hired with the understanding that their calls may be monitored.

When a call center upgraded its technology to an ACD, call monitoring was usually presented to staff as a means to better train and assist them, as opposed to its potential use in disciplinary action. However, in addition to identifying areas where staff needed additional training, having the ability to monitor calls dramatically reduced the personal use of the telephone system, kept conversations professional and encouraged staff to efficiently process each call without having extended conversations with friendly customers. Often the knowledge that management *could* listen into their conversation was enough to convert a poorly performing call taker into a model employee. Similarly, awareness that each individual's performance and activities were now being reported in detail, resulted in fewer breaks, shorter calls, and reduced "lost" time.

Unfortunately, there were also situations where a call taker's behavior, as documented in ACD reports and observed during call monitoring, eventually led to disciplinary actions. At that time, if supervisors wanted to record a call, the technology they used was a small cassette tape recorder bridged into their telephone that was located at their desk.

The value of call monitoring in call centers spawned a series of technological advancements. Some companies needed to maintain a recorded copy of their call center transactions and large multi-track reel-to-reel tape recorders were employed. Although these systems were cumbersome, and retrieving any one conversation was a ponderous task, it nevertheless provided a recording of every call. Similar systems were developed that allowed call takers to engage the recording capability during a call if they believed it necessary (such as with an abusive or threatening caller). As digital recording solutions were developed, these recording systems (now including voicemail systems integrated into ACDs) provided ACD supervisors with additional features. These expanded features included the ability to retrieve specific recordings based on time, date and employee; to specify which call taker would be recorded at a specific future time; to playback the recordings at faster speeds, to skip further into a call or skip quickly to the next call; as well as to record and insert comments on that transaction and to send it with a message back to the call taker or trainer. With these digital systems managers could more easily monitor call taker activities remotely.

The evolution of the integration of digital remote call monitoring with digital call processing technologies further supported the conversion of "call" centers to "contact" centers that, in addition to processing telephone calls, enable staff to efficiently handle emails and webchat transactions with customers. Today's advanced technologies synchronize the audio recording of the call with a visual record of the activities on the "call taker's" computer screen during the transaction. This allows supervisors and trainers to identify what computer and research skills need to be further developed, such as difficulties in typing, and what resources the employee looked at to retrieve a required form or to answer to a customer's question.

5.1.3. DI Feedback on Call Monitoring

As previously noted, all DI Branch CSC managers stated a need to confirm the quality of DI services and the accuracy of the information provided to customers by the use of "Remote Call Monitoring". All three of the DI CSC questionnaires received, and every site visited, included the request for this feature. During our site visits it was often said that one of the anticipated benefits with the CALNET 2 upgrade would be this specific ability.

The reason call monitoring is necessary is that supervisors have very little ability to confirm the accuracy of the information they may be providing callers or if staff are actually taking calls. From across the room there was no way for a manager or a Gatekeeper to determine if someone needs additional training to provide quality services. Managers were asked what was meant by "Remote Call Monitoring" as we were concerned that expectations included the more advanced capabilities presented

above. In fact, the feature that was being requested was only the basic ability to listen to a call in progress, real-time, to confirm the activities of the call taker. In almost every instance, as managers' described the need for call monitoring they also included the clarification: "…for training purposes, only".

5.1.4. DI's Experience with Call Monitoring

Following additional discussions with DI management it was confirmed that the current systems all had call monitoring capability and that the feature had previously been employed at DI. The current DI CSC practice of call monitoring only occurring when call takers are informed that they are about to be monitored and only by having a supervisor sitting at the call taker's desk evolved over time. We understand this is the practice and not a formal EDD or DI policy.

5.1.5. DI's Current Remote Call Monitoring Capability

Initially Mission Consulting personnel did not respond in interviews and conference calls to the frequent comments that DI's existing ACD system could not provide call monitoring. However, we did eventually inform a few managers that the current system had that most basic feature and it can be implemented.

Concern was also expressed about any contract limitations on DI's ability to perform Call Monitoring. The current applicable contract does provide specific language on this subject:

Section 21.4.1- Call Centers (Unit 1), Subsection E - Call Monitoring:

1. Call monitoring shall be used for training and development purposes. Telephone lines designated for personal use shall not be monitored. Monitored calls shall not be used for discipline purposes unless the behavior is of a serious nature.

2. Pursuant to the entire agreement clause, a department and the Union shall meet and confer over the establishment or modification of monitoring guidelines appropriate to each call center, prior to implementation.

3. Employees shall be notified before monitoring of their calls begin. Any employee whose calls are monitored shall promptly be given a copy of any report generated and feedback on every call monitored

5.1.6. DMV's Experience with Call Monitoring

During the course of investigating the performance standards in similar types of call centers, Mission Consulting learned that the DMV has recently implemented remote call monitoring at their call centers. When we spoke with them, they had only been using it for a few weeks, but the initial reaction was quite favorable. Of course, they had been through negotiations with SEIU over how the tools would be used and

management is diligent in operating within the agreed boundaries. According to our contact at the DVM, management advises individual agents that their calls will be monitored for "the next two weeks" strictly for training purposes.

5.2. CALNET 2 Considerations

While DI anticipates that there will be benefits to the CALNET 2 upgrade of systems in DI, these are not scheduled to occur until after the successful deployments in UI. Furthermore, some of the most significant anticipated benefits described in interviews and on questionnaires, like remote call monitoring, may not improve the speed of answer, but will improve the quality of service provided.

The CALNET 2 upgrade is also expected to enable a network IVR and intelligent call routing to any site, routing the next call to the longest waiting DIPR in any of the three sites. However, if call volumes and the percentage of deflected calls remain near 2007 levels, the potential benefits and economies of scale will not be realized. In a CALNET 2 networked IVR/ACD the longest waiting answering position at current call volumes will not improve answering times because no DIPR will be waiting very long for that next call; that is, call saturation will not be noticeably mitigated at the call answering positions. Inefficiencies that may currently be contained in one site will affect the productivity and job satisfaction in others. In addition, those few DIPRs who may intend to trick the system will be able to continue to find new ways around the ACD management tools. All the more reason to strive to improve performance now, with the tools of DI's current systems, which may be underutilized.

5.3. EDD DI Automation Project

The DI Automation Project will most certainly bring exciting new efficiencies, improve customer access as described in report section 4.2. Electronic automation and automatic claims payment will significantly improve operations and reduce the volume of calls into the CSCs. Because the Automation Project is currently anticipated to be phased into production between 2009 and 2011, and these development exercises often experience unanticipated delays, caution dictates that the latter date be considered as the due date for the purposes of this report. Therefore, many of the desired technology-based automated services for claimants and providers presented earlier, as well as enabling call center enhancements such as "screen-pops" and document imaging, are not likely to be implemented until that time.

5.4. DI Telecom Call Allocation Considerations

The DI Telecom Unit currently spends significant time and energy carefully producing the forecasts for a monthly percentage allocation of DI traffic to each of the three DI CSCs. This effort includes gathering anticipated staffing levels from DI CSC managers and developing complex forecasts that include the number of trainees and other site-specific factors. When the monthly allocations are established they do not typically vary except when an emergency occurs at one site.

As each site's performance is measured based on their ability to achieve the service level objective, CSC managers are concerned that they may be initially assigned an inappropriately high percentage of calls. Currently the allocations are made in the network that sends calls to each respective CSC site IVR. As the allocated DI calls are randomly distributed, the percentage of total callers that "opt out" of the respective IVRs and to the CSCs to be answered should be approximately the same. Recently it was reported by the Sacramento CSC management that the number of callers sent from their IVR to the ACD appeared to be a disproportionately high percentage of the calls initially directed to the IVR. The resulting additional call traffic raised concerns about the monthly allocation and eventually focused on hardware problems in the IVR. Nevertheless, doubt and uncertainty that CSCs are being treated equitably in DI Telecom Unit's calculations and the resulting allocations distracts CSC management from its primary task of managing personnel.

With the implementation of a CALNET 2 networked IVR it is expected that the percentage call allocation would direct traffic to the CSCs after callers elect to leave the IVR, thereby reducing the likelihood of disproportionate traffic. However, the complex calculations to forecast personnel to create an appropriate allocation would still be required. We note that the distribution of calls from a networked IVR will be based on the availability of DIPRs to receive calls, and thus overall call volumes per CSC will be affected by the readiness and willingness of each CSC's DIPRs to handle calls. CSCs in which DIPRs are fully trained and prepared to take many calls will receive many calls. CSCs with poorly trained DIPRs or in which DIPRs employ means to avoid taking calls will receive fewer calls. The CALNET 2 networked IVR environment will require uniform management standards for call answering if there is a desire to establish equity between the CSC sites. However, even those goals will need to be flexible to accommodate real differences between the sites, as discussed below.

5.5. Review of the DI CSC Service Level Goal

Typically, to establish a new Service Level goal, contact centers will look at similar businesses, handling similar calls, and also consider where their current service levels are and the issues that influence achieving a set goal. As stated earlier, at the time DI endeavored to define its service level objective, it made several inquires and elected to use the Service Level goal then established for EDD UI, that is, to answer 90% of all calls within 240 seconds. This may have been a reasonable starting point, but as with any goal, periodic assessments should be made to determine if the goal is appropriate considering the present conditions.

It is also common for separate business units within the same organization to have different Service Level goals based on the unique services they provide and the specific conditions that exist in their environment. For instance, an order entry group may answer calls faster than accounts payable. An ACD group of 100 positions that is fully staffed, with additional personnel accepting a time-delayed overflow of calls to catch the occasional peak will be expected to provide better and more reliable service than a small group 5 positions that has no overflow.

While management strives to implement a single performance measurement and apply it to all CSC sites, the uniqueness of each site and the services they provide should not be overlooked. Even within the DI CSCs, significant differences in the three sites provide their individual challenges. Considering the differences between the DIPR's responsibilities between DI, PFL and NDI, their *staff to call volume* ratios, the nature of the calls, and additional work-related assignments, is it reasonable to establish a single service level for all CSCs and measure performance by that goal? If PFL or NDI could provide a higher level of service, why should they be content with a 90/240 target?

Based on the 2007 traffic report data provided by DI, DI is only answering 44% of the calls presented to the ACD, regardless of the time it takes. The average queue time to answer those calls was 7 ½ minutes. Furthermore, we understand from EDD CCOG that UI has not been successful in achieving its *90% in 240 seconds* service level goal that has been adopted by DI.

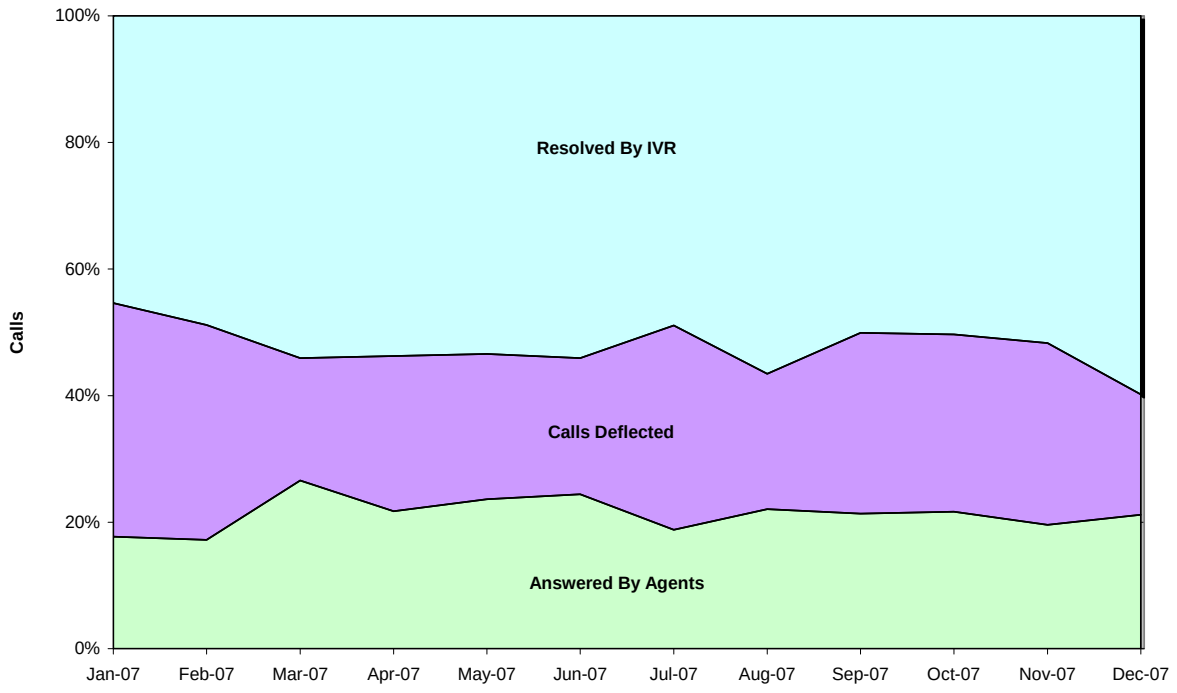

Chart 8: DI IVR & CSC Performance in 2007

This chart describes the 2007 DI service levels as a whole. The top portion shows that approximately 47% of the callers do not have to talk to an agent after accessing the IVR. The middle section of the chart indicates the percentage of callers that attempt to contact an agent but are unable to do so because they are deflected or abandoned. The bottom portion shows the percentage of callers that are able to contact an agent on a monthly basis.

5.6. Review of the PFL CSC Service Level Goals

The PFL office is unique in that it serves as a combined CMO and CSC. This offers the advantage of having staff that is cross trained to do both functions, thereby increasing efficiency. While the dual role of staff's ability to handle both environments is beneficial, it presents a continuing challenge for management in the assignment of resources. The challenge for management is to decide, on a real time basis, which function's service level is most critical. Management allocates a portion of the staff on a multi-week basis to handle the call traffic. In 2007, the PFL office answered an average of 39% of their calls within 240 seconds. Since the PFL office has a paperless system utilizing document scanning, they do not experience the degree of latency in document input found in the DI environment. This gives the PFL agents a further advantage in that when talking to a claimant, they are working on the same claim with the most current information and can resolve the claim more expeditiously.

5.7. Review of the NDI/SE CSC Service Level Goals

Currently the NDI/SE office handles claims from State employees that are unique because they require more discrete handling. They encompass a subset of both the DI and PFL programs with a low number of transactions. Like the PFL DIPRs, NDI agents handle both the paper claims and telephone inquiries. The low call volume for the SDI/SE and NDI programs requires that that only a couple of agents answer calls for each program at any one time. This gives them the ability to easily maintain the 90/240 service level.

5.8. The DI CSC Problem Resolution Unit (PRU)

The PRU was not intended to replace the existing Process/Partnership Agreements with the CMOs. The PRU is a good solution for relieving DIPRs from engaging in obstructed cases that require an in-depth resolution process. It was reported that this program had the benefit of clearing additional claim issues and gave those in the PRU greater job satisfaction.

5.9. Deflection Policy

The individual CSC managers have the ability to modify one of the two thresholds that control *when* callers are deflected within the ACD. That parameter, a ratio of *DIPRs to calls-in-queue* is generally accepted as being set at a capacity of no more than 3 calls in queue for each logged on DIPR. However, if that parameter is changed to 2 to 1, more callers are deflected. Under those conditions the Gatekeeper monitor, wall boards and Symon banners reflect less calls in queue because more calls are being deflected. This provides an artificial sense of answering the calls that are presented to the DIPRs in a more timely manner, while in fact there is a simultaneous increase in the calls that are not answered due to deflection.

5.10. Hours of Operation

The published hours of operation for the CSCs are 8:00 AM to 5:00 PM, Monday through Friday. A limited number of DIRPs are on calls at 8:00 AM, and by 4:30 PM it is common to have a reduced crew (in some cases made up of management personnel) clearing the queue. After 4:45 PM the allowable queue size is reduced, deflecting an increasingly larger percentage of calls.

One of the generic functions of the ACD is to distribute the answering of peak call activity over a somewhat longer period, represented by the queue time. Just as the CMOs work overtime to catch up with workloads, a similar affect can be applied to the CSCs by extending or adjusting the hours of operation.

Regarding the potential benefit of this concept, please consider the call traffic chart below that illustrates the call volume presented to a DI center IVR by hour of day.

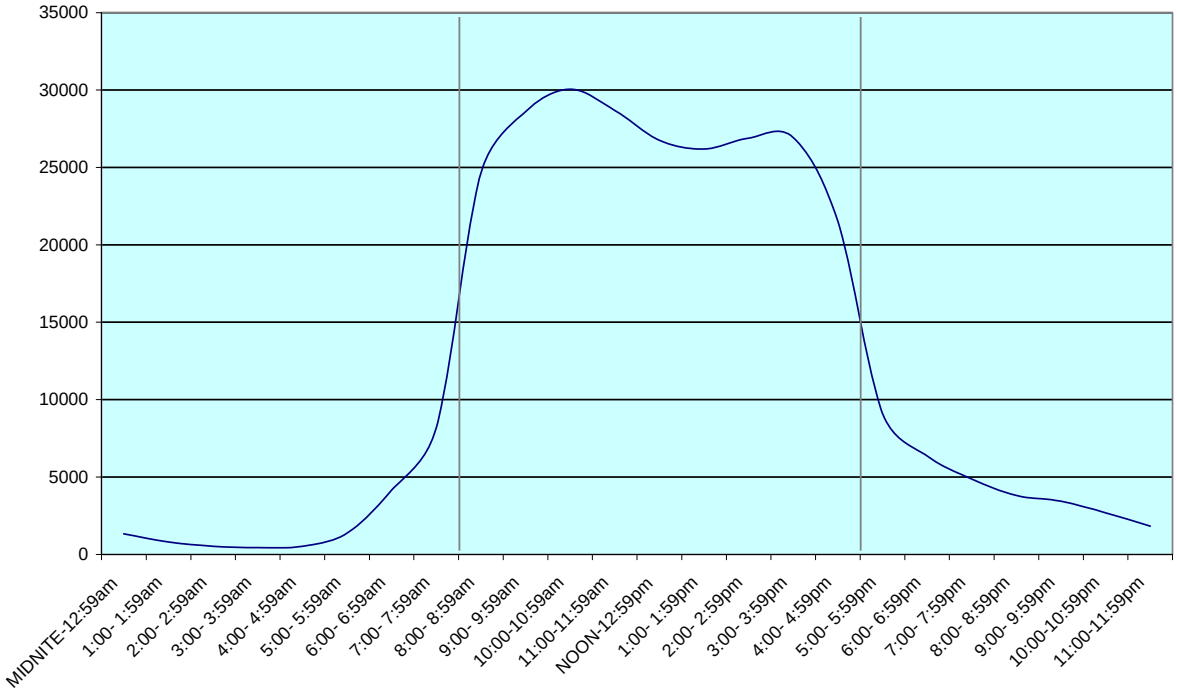

Chart 9: DI IVR Calls by Time of Day

This chart represents a very typical "cowboy hat" distribution with a double peak (mid-morning and mid-afternoon) that follows most call center traffic patterns.

Although the data presented in the above chart is a sampling of a single week, it should be considered as a reasonable representation of inbound call traffic patterns by hour likely experienced in the call centers through any day. Note that the percentage of call

traffic in the 8 o'clock hour is only a fraction of the mid-day peak periods and that the late afternoon percentage is still quite high.

If we assume that staffing is restricted by budget and available workspace, the question becomes how to use existing resources more effectively. Although it is recognized that there are more calls waiting than available staff to answer them, there is still some degree of agent wait time, primarily early in the day. The goal is to reduce any agent "wait time" and apply personnel as effectively as possible during higher call volume periods.

DI call traffic per day of the week is also a consideration. The chart below presents a summary of the 2007 traffic to the DI ACDs by day. The total of "calls offered" is somewhat skewed by the number of holidays that occur on Mondays and Fridays and implies that calls that are deflected on Mondays (and Tuesdays) are likely reappearing in the subsequent day's traffic.

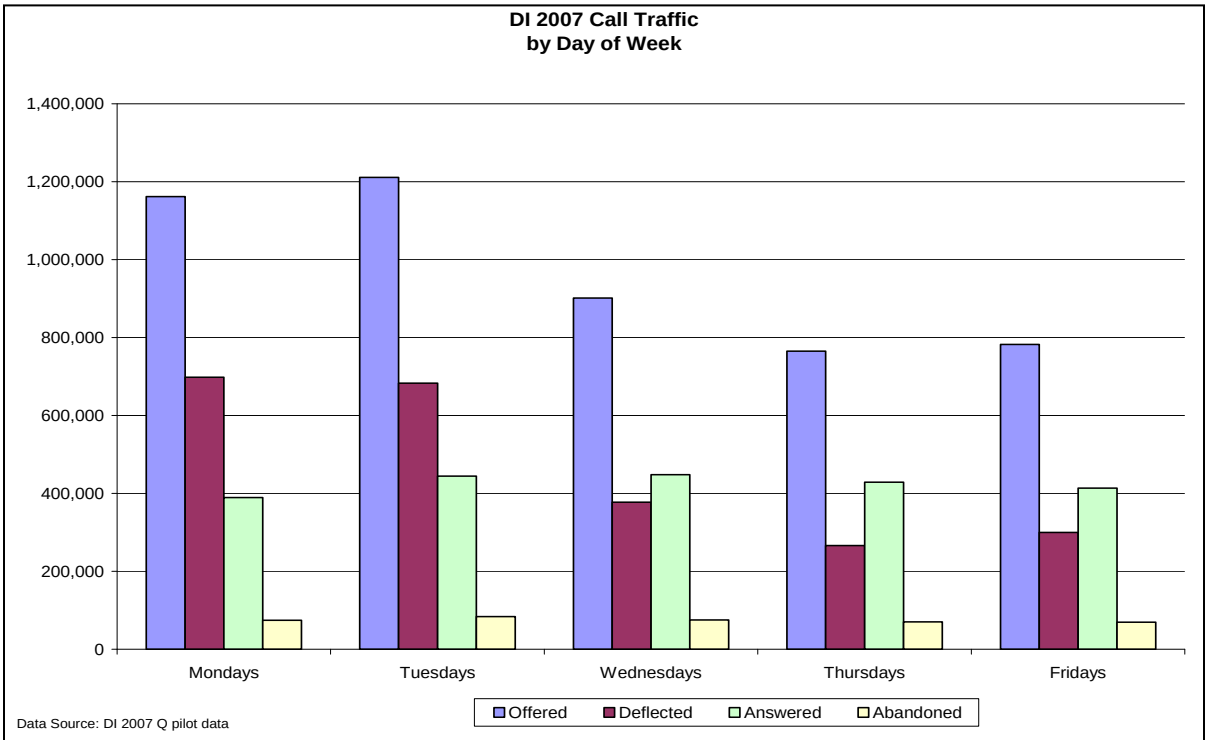

Chart 10: DI 2007 Call Traffic by Day of Week

This chart shows the total DI traffic for 2007 broken down by the day of the week.

5.11. Staff Availability

In typical contact center environments, customer service representatives are hired specifically to answer the telephones. This is their primary task. If they do not have calls to take, they may perform other activities. Analysis of call traffic and required

personnel to handle that volume take into account the expectation that at any time approximately 25-30% of the total call-taking staff for a given shift will be unavailable or not logged in (because they are on breaks, out ill, or on vacation).

There are 185 staff positions designated on DI organizational charts for CSC DI DIPR call takers, with 177 positions filled as of November 2007 (4% vacancies). It is significant that on average only 114 positions were logged into the ACD, typically with 75% of that number (86 DIPRs) actually engaged in taking calls or in a call-related walk-away code. The following provides a graphical representation of typical staff availability.

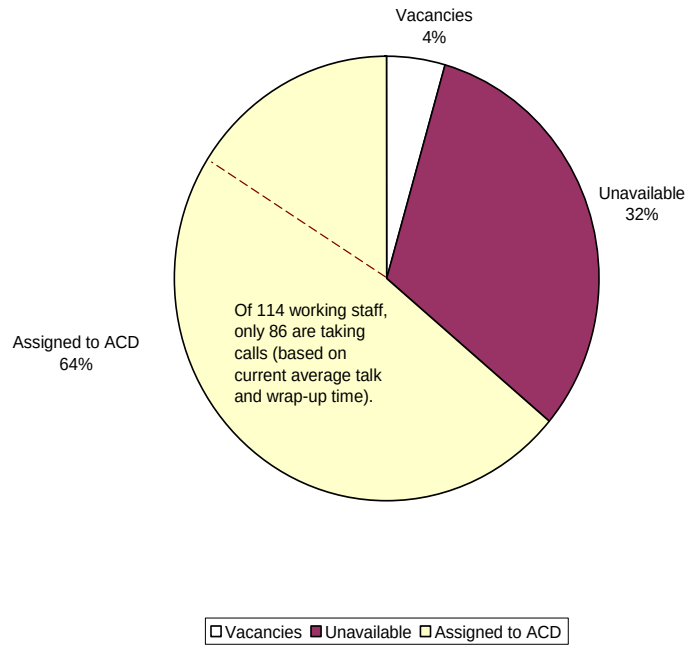

Chart 11: Typical Staff Availability

This chart reflects the percentage of time that agents were assigned to the ACD versus the percentage of time they were on vacation or otherwise unavailable.

5.11.1. Average Time on Call Related Activities

The following charts reflect the relative time reportedly spent on call-taking activities, including the talk time and the after call wrap-up time in the DI CSCs. For DI calls, it would be expected that the time frames from site to site would be very similar.

It would not be appropriate to compare the DI sites to NDI or PFL and it that is not the intent of this chart. The longer talk time on PFL calls may be an indication of the more

complicated nature of those claims. Also, note that the wrap-up time for NDI calls was not reported.

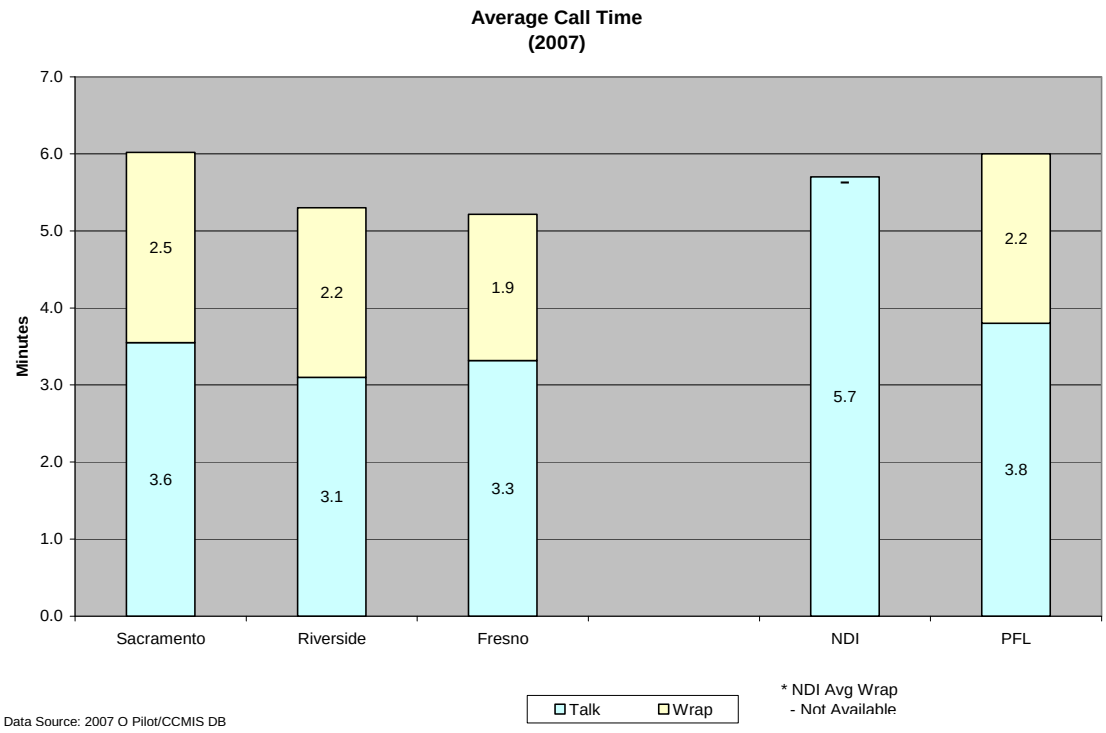

Chart 12: Average Call Time

This chart compares the talk time versus wrap-up time among the various call centers. Direct comparison of the DI centers shows unique variances, but has no relationship with the other two programs.

Recognizing that DIPRs may have additional tasks assigned by their management and that each of the three DI CSC facilities has its own unique environment, we offer the summary above view for general discussion.

A different perspective of the time related to call-taking activities is presented in the chart below. This view only considers the activities of personnel logged into the ACD, and what percentage of their time is spent on call related activities (taking calls and doing call-related walk-away coded work), versus non-call related work (such as counter coverage or administrative work) and breaks (including training "coded" activities).

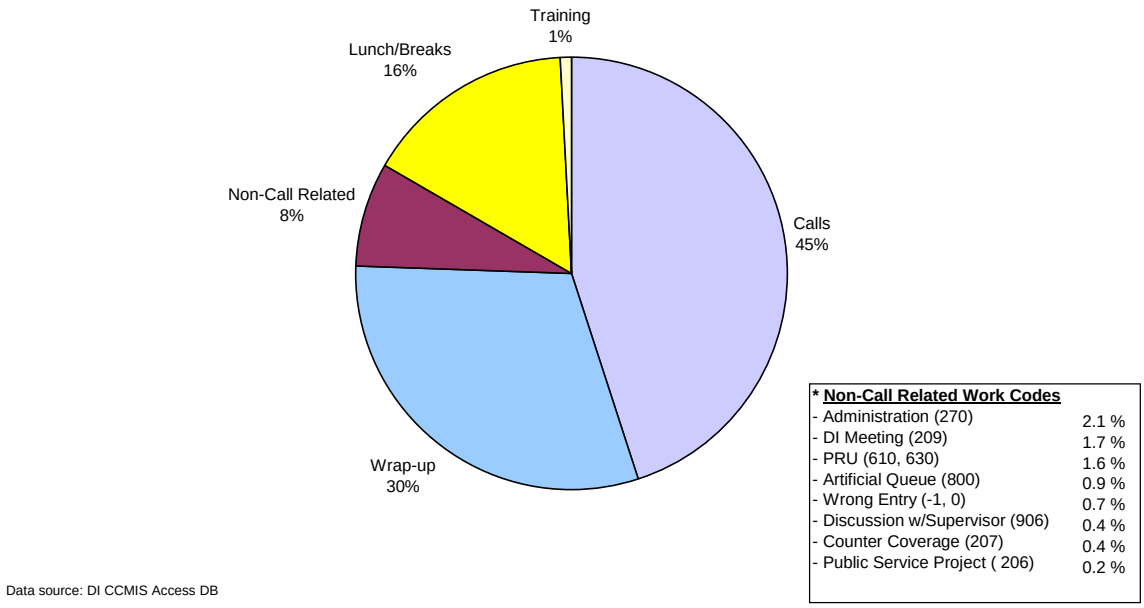

Chart 13: DI CSC DIPR (Logged-In) Average Time Allocation by Work Codes

This chart is based on the work code allocation of time and indicates that 75% of the average logged-in time is spent on call related activities (on calls or in call wrap-up) and 25% of the time that DIPRs are logged-in, including lunch and breaks, they are not involved with call related activities.

Recognizing that CSC DIPRs may have additional tasks as assigned by their management and that each of the three DI CSC facilities has its own unique environment, we offer the summary view above for discussion purposes. It identifies the activities of the DIPR personnel who are logged into the ACD, and what percentage of their time is spent taking calls, doing call-related walk-away coded work, non-call related work (such as counter coverage or administrative work) and breaks and training. As stated above, this data includes those who are logged into the ACD and does not include those out ill, arrived late, left early, or on vacation, etc.

5.12. Personnel Issues

Employee Satisfaction and Morale - In our questionnaires, it was reported that CSC employee satisfaction and morale were improving. However, for some DIPRs there appears to be a stigma or reluctance associated with answering calls. Although the CSC DIPR's responsibility is to answer calls, even in smaller CSC's that are not overwhelmed with call volumes, taking calls may be viewed by many as drudgery.

Although the CMOs and the CSCs are part of the same Branch and have the same upper management, there is a somewhat debilitating "we/they" perspective. This perception results in a growing dissatisfaction for CSC staff if they understand claims processing is backed-up or checks are delayed, regardless of the reason.

If a claim is suspended by the CSC and the CMO representative believes that the issue should have been resolved by the CSC while on the call, or the notes are inadequate resulting in increased work at the CMO, similar resentment develops between the CMO and the CSC.

Regardless of the CSC's or claimant's expectations, a claim that is suspended awaiting a fax may not receive expedited processing. This is logical because a faxed document is received at one of many machines in the CMO and over the day it along with many others are distributed to the representative assigned to the claim to be placed into the stacks of mailed and faxed documents awaiting attention. The DIPR, even if aware of the suspension on the claim, may not believe it is an efficient use of time to get up from their desk to check each of the busy fax machines or sort through their stacks of claim documents looking for a specific page that may or may not have been sent by the claimant or provider. Generally their commitment is to handle each of these documents before the end of the day. When claims are back-logged in the CMO, overtime is often approved.

Nevertheless, it is difficult not to notice the staff's general impression that the workload, including calls into the CSCs, is overwhelming.

Management Satisfaction - CSC management and supervisors are under significant pressure to achieve the service level goals, although some of the influencing factors may be out of their control. As CSC performance is measured by an individual site's ability to achieve the expected service level, a focus on *quantity* of completed calls and not on the *quality* of the service provided may result in conflicts between management and staff. This issue is complicated by an emotional divide between management's focus on processing more calls and the perspective by staff that the volume of calls is too great to handle. These observations do not mean that management disregards the need for the proper and thorough call processing, only that the primary measurement appears to be based on quantity.

Anecdotally, concern was expressed that personnel have a higher call handling capability in the months following their training than when they are deployed on the floor, mixed with other call takers, and exposed to the peer pressure. While there may be a number of factors that result in their answering fewer calls, the influence of co-worker satisfaction and morale cannot be overstated.

Absenteeism - The absenteeism rate at each DI CSC appears to be somewhat different or at least calculated differently. In response to the question "What is your absentee rate (scheduled and unscheduled) and how is this measured?" Sacramento reported 30%, Fresno reported 20% and Riverside reported 25%. Taken literally, these numbers indicate that the absenteeism rate at Sacramento is 50% higher than at Fresno. Since

the reported rates appear to be rounded to the nearest 5%, it is possible that these reports are estimates or that there is not a consistent way to measure attendance throughout the DI CSCs.

5.13. Work Force Management

While the current tools assist in the allocation of calls and scheduling personnel to handle those calls, numerous efficiencies may be realized by employing an automated workforce management software product. The current manual solutions limit access to one user at a time, are time consuming and the level of forecasting accuracy is limited. Manually produced schedules are characteristically inefficient, lack flexibility and have limited reporting capabilities. On the other hand, automated workforce management solutions allow simultaneous access to the schedules, provide more accurate forecasts and include extensive reporting capability.

5.14. Gatekeeper

The DI CSC Gatekeeper's position is described as a full time requirement that is rotated between managers. The primary task is to monitor call traffic, shifting bilingual DIPRs to and from the Spanish queue as traffic levels dictate. The Gatekeeper responsibilities also include CSC supervision.

Initially, we believed that the overflow capabilities of DI's existing ACD systems should be able to effectively and equitably manage passing calls to bilingual personnel using overflow parameters. However, that task is not as significant as the responsibility to watch the current activity of DIPRs, who may be on extended breaks, logged-in with the wrong walk-away code, or otherwise not available to take calls.

It is common in the industry for call centers to be built around a centralized elevated command area where supervisors watch agent activities and, from their vantage point, recognize who is performing well and who may need assistance. However, the Gatekeeper positions for the CSCs are often located away from the call takers. Rather than getting up from their assigned task, Gatekeepers often attempt to call for immediate supervisors or other management personnel to address issues with the DIPRs. The immediate supervisors of DIPRs are generally promoted from the DIPR call-taker pool. If there are issues with unmotivated personnel, it is often awkward for some of them to effectively direct, motivate and cajole their former peers into improving their performance.

5.15. Implications of a Network ACD

In a networked ACD environment, the distribution of calls will be on a per-call basis to the next available agent (longest waiting), regardless of their location. It may also automatically direct calls to individuals on a "skills based" routing formula. Even in today's DI environment, there are only a few infrequent times during the week when agents at one CSC may be idle while calls are waiting in queue at another site. The current gate keeping practice of local CSC management moving agents from one queue

to the next or adjusting the queue size (by modifying the ratio of calls per agent in queue) will become a ratio that applies to all agents within the network ACD. If a gate keeping function is desired, the networked ACD environment would use a centralized gate keeper rather than requiring a resource at each site for this purpose.

5.16. Disaster Recovery Plan

The EDD DI Service Resumption Plans appear to only address technology outages. There is a need to plan for instances resulting from non-technical events as well. Operating efficiencies can be directly affected by such events as flu epidemics among the call taking staff or localized community disasters that impact the availability of call takers. While there may be consideration for non-technical resource restrictions in the local disaster recovery plans, it appears that these types of challenges have not yet been considered.

5.17. DI Telecom Unit Interaction with CSCs and Relationship to EDD's Call Center Operations Group (CCOG)

The DI Telecom Unit provides specialized telecommunications expertise to DI Branch's executive management team and direct support to each of the CSCs, including but not limited to:

- Calculation and implementation of an equitable monthly traffic distribution to the three DI call centers;
- Identification, monitoring and escalation of IVR, network and ACD technical issues;
- Centralized development of monthly IVR/ACD reports for both CSC and DI Branch management;
- Research and development of special issue reports regarding the network, IVR and ACD environments; and,
- Providing training to CSC managers, when requested.

Because the Telecom Unit serves as the centralized repository of DI Branch's network/IVR/ACD information and expertise, it is critical that the group enjoy the status as the "Trusted Authority" when dealing with any of these subject matters. This has been a challenge for the unit as they find themselves in the middle between the day-to-day and long-term requirements for the CSCs and the control and expertise functions exercised at a higher level within EDD's CCOG.

The Telecom Unit is very effective in serving as the full time eyes and ears watching over DI's telecommunications environment and specific needs. However, they are at a disadvantage because of their arms length relationship with CCOG, as evidenced by their prohibition to communicate directly with service providers and the lack of direct access to trouble ticket monitoring and/or control system (know as the Remedy software).

6. CSC Assessment Report Recommendations

An assessment report on call center operations often relies on the analysis of call traffic data, the application of currently employed and possibly upgraded technologies, the redesign of call flows, the refinement of service level objectives and improved performance by call takers. The DI Branch faces significant challenges in accurately measuring the current call volumes, managing personnel, working efficiently considering the limitations of its current IT and Telecom technologies, and achieving its strategic objective to "be responsive to our customers and a model of excellence, innovation, and integrity."[7]

The goal of improving CSC customer service from the DI's current conditions to meet the goals set in the 2002 Report to the Legislature cannot be achieved in one or two simple steps. Mission Consulting recommends that DI step back to reevaluate its service level objectives, analyze the real magnitude of the call volume workload, and consider the elements that are truly impeding improved customer service (i.e., staffing, technology, training, management). We also present a model for a multi-phased approach to achieving manageable and measurable improvements.

Mission Consulting recommends that DI can best achieve its goals and objectives by first focusing on what can be done now and carefully preparing for the technological enhancements and human resource development opportunities to be employed in the future. The following Short-term Recommendations can be accomplished in the near term with minimal budgetary considerations. Long-term Recommendations may require actions such as the development of new training programs, significant funding, or the deployment of technology that requires some time to accomplish. Long-term Recommendations may start now, but are unlikely to be completed in the near term.

6.1. Short-term Recommendations

While there are issues in each of the DI program's CSCs, we believe the greatest challenge is addressing those in the three DI CSCs. We suggest that PFL and NDI CSC services should be considered individually, and service level goals and recommendations should be based on their business models and DIPR responsibilities.

Recommendation #1 – Revise the service level expectations

We do not recommend that all of the programs be held to the same service level goals as they provide different services, have different deployed IT enhancements, and unique staffing arrangements.

In 2007 the three DI CSC ACDs deflected more than half of all calls. DI answered only 44% of the calls with the average answered caller waiting 7 ½ minutes. Mission Consulting estimated as many as 254 DIPR positions would be required to answer the shear volume of DI CSC calls <u>if no operational changes or improvements are implemented</u>. However, we believe changes are possible.

[7] From the Disability Insurance Branch Strategic Business Plan 2007-2011 Strategic Vision.

With the expectation for changes in call processing, improved morale, and the recovery of some lost time, the present number of DIPR staff is sufficient to professionally handle calls from the current number of claimants. However, we conclude that the current 90/240 goal is not realistic at this time and is unachievable in the short-term for the three DI CSCs. PFL may reach this objective based on a prioritization of their workload and should strive to this objective. The NDI/SDI programs are not subjected to the same call volumes and we believe that they should continue to be measured to, and expected to achieve, the goal promised to the Legislature.

Recommendation #2 – Implement a goal to answer 90% of all DI CSC calls

A focus on reducing deflected calls to less than 10% should become the new short-term service level goal. At such time that deflected calls are less than 10%, the percentage of calls answered in 240 seconds can again become a meaningful objective.

Recommendation #3 – Help employee partners understand that the call volume workload is not impossible

Today, it may be understandable for staff (and perhaps management) to believe that the task of answering the DI CSC call volume is overwhelming. This perspective is reinforced by traffic reports. Any back-log in claims processing seems to exacerbate an already difficult call volume workload. It is easy to acknowledge the pressure managers feel as they struggle to meet the current 90/240 service level goal. When call volumes are perceived to be "impossible" to answer, morale suffers, suggestions for individual improvement are less-regarded, and job-satisfaction diminishes while caller dissatisfaction grows.

Mission Consulting believes that the DI CSC call volumes are not "impossible" to answer. There is a very delicate balance between the number of answered calls and the compounding effect of multiple callbacks when calls are not answered. We analyzed this critical threshold by identifying the effect that answering a few more calls can dramatically change the real and perceived workload.

A 2006 analysis by EDD's service provider of the number of callbacks for every call deflected or abandoned, as well as advice from EDD telecommunications personnel, led us to believe there was a 3-to-1 ratio of callbacks to "unhelped" callers. Some callers made significantly more than three attempts and that was greatly affected by the day of the week of their call. The 2006 analysis measured the number of daily calls from unique numbers versus those *per day* that originated from duplicate telephone numbers. A caller who is deflected (or hangs-up/abandons) on Monday and called again on Tuesday was not counted as a callback, but was counted as two unique calls. For the purposes of this report Mission Consulting has taken a conservative approach using a forecast of only a 2-to-1 average ratio of callbacks.

Using June 2007 average call traffic by time of day as a representative example, the chart below reflects how answering additional calls affects both deflected and presented calls. When charts such as this are presented, the correlation between the total call

volumes and the number of deflections is immediately obvious. They appear to track to one another, more calls means more deflections.

However, we encourage DI to focus on the minor fluctuations in DI's ability to answer calls and consider this as having a compound affect of almost immediately reducing call volumes and deflections. That is, when the number of calls answered increases slightly (green line), the number of calls presented to the CSC ACD and deflected decreases dramatically.

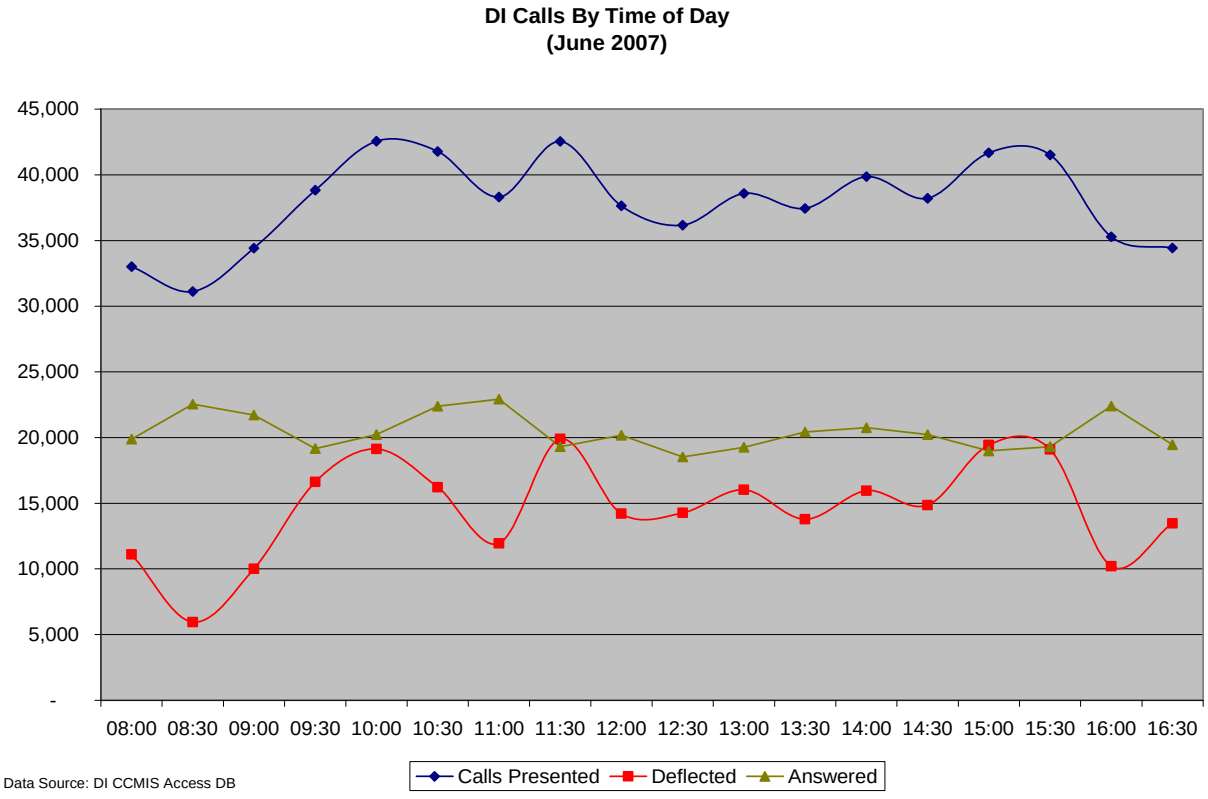

Chart 14: DI Calls By Time of Day

This chart reflects the overall call volume, calls answered and calls deflected in a typical month at the DI CSCs. While the first impression is to assume that the deflected call rate is a function of the total calls offered, a closer look indicates that the change in the number of deflected calls may be inversely proportional to the change in the number of calls answered.

Recommendation #4 – Implement a phased approach to improved service

Mission Consulting proposes a multi-phased approach to improving DI CSC customer service, focused on simply answering some measurable percentage of calls (such as 90%). If callers wait, and they appear willing to do so, the time they wait and the number of those who hang-up while waiting can be measured and improved upon. As DI approaches the goal of deflecting less than 10% of its calls, and those being in peak call traffic times, we can return to consider the 90/240 objective.

While Mission Consulting presents intermediate goals and objectives, we do so to encourage a multi-phased model. Discussions with CSC managers and key personnel about reasonable intermediate steps, with adjustments to the expectations prior to the next phase, will greatly improve the likelihood that the overall objectives are reached.

Our initial approach to improved service does not debate the average time it takes for DIPRs to talk to callers. We understand that reducing call length will increase the available time to answer more calls, but we do not want to focus on call length at the expense of customer satisfaction and properly completed transactions. Therefore for the purposes of this recommendation, we presume and accept the historically established differences between site average talk times as a function of the employees' efficiency/skills, the number and percentage of newer staff, the turn-over issues of one site to the next, and the culture of that site. While our forecasts do not immediately anticipate shorter calls, improvements through coaching, quality assurance, and additional training are separate opportunities for the managers to exhibit excellence over time in later phases.

In our forecast model for each additional call answered by a DI CSC, two future call attempts currently included in the total call count would not be generated. The multi-phased model anticipates improvement in each subsequent phase (from 15%, 10%, 8% and 6% respectively). As each phase is achieved, the number of callbacks diminishes as more callers are helped on their first (or second) attempt. Therefore the model reduces the ratio of callbacks over the four proposed phases (from 2/1, to 1.6/1, to 1.4/1, and finally to 1.1\1, respectively).

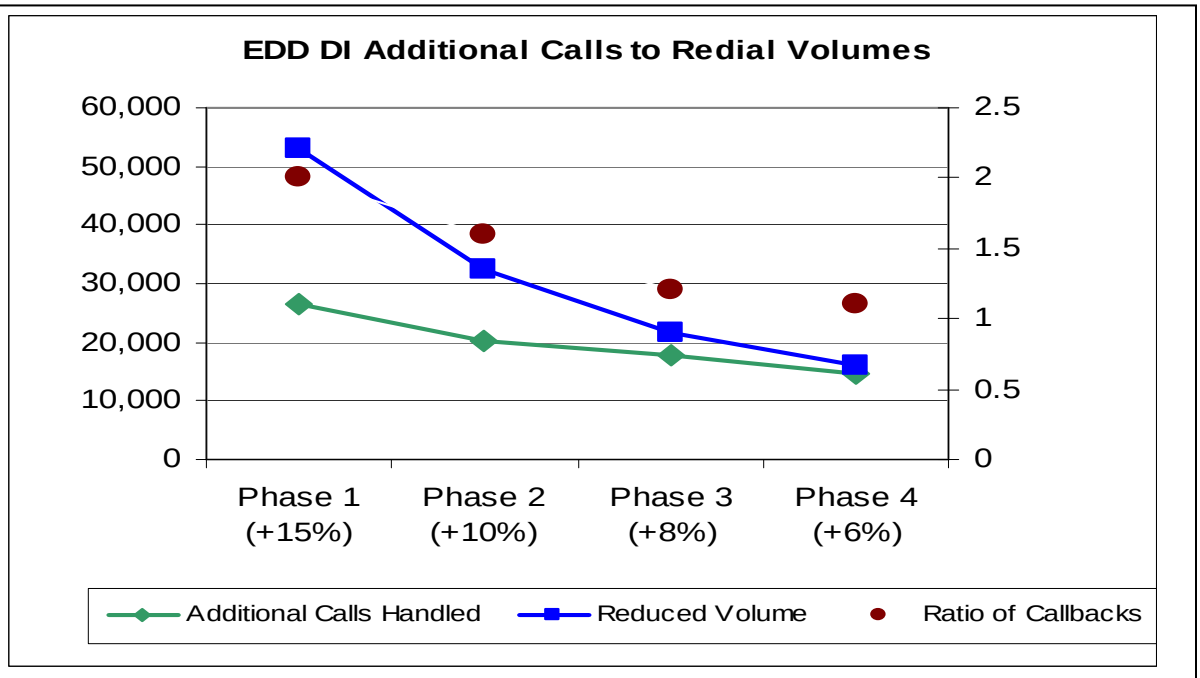

Chart 15: EDD DI Additional Calls to Redial Volumes

This chart depicts the anticipated affect on the total volume of calls that will be realized at a 2-to-1 ratio by improvements in the number of calls handled through the various phases of improvement.

As represented above, Phase 1 is complete when a 15% improvement in calls taken is achieved. This increase in calls taken then reduces callbacks and the total monthly call volume. As time proceeds into the next phases, it becomes more difficult to achieve the same percentages of improvement. During the four phases, modifications in staff time allocations, additional training and other improvements in operations will complement one another to achieve the improvements.

The Mission Consulting model offered to DI is an example of measured improvements over time and does not define the length of each phase. Also, because each DI CSC site has different patterns of behavior for DIPR call takers, other tasks that may be assigned a higher or lower priority by senior management, and other site-specific issues, the adjustments to call handling activities and schedules will vary based on the site.

Continuing with the expectation of the compounding affect of diminishing total calls as the volume of calls answered increases, there is a threshold where 90% of calls presented will be answered. Based on the anticipated benefits described above for the four phases (15%, 10%, 8%, and 6% respectively), the goal of answering all calls presented is attainable at some point in the future. This scenario is depicted in the chart below.

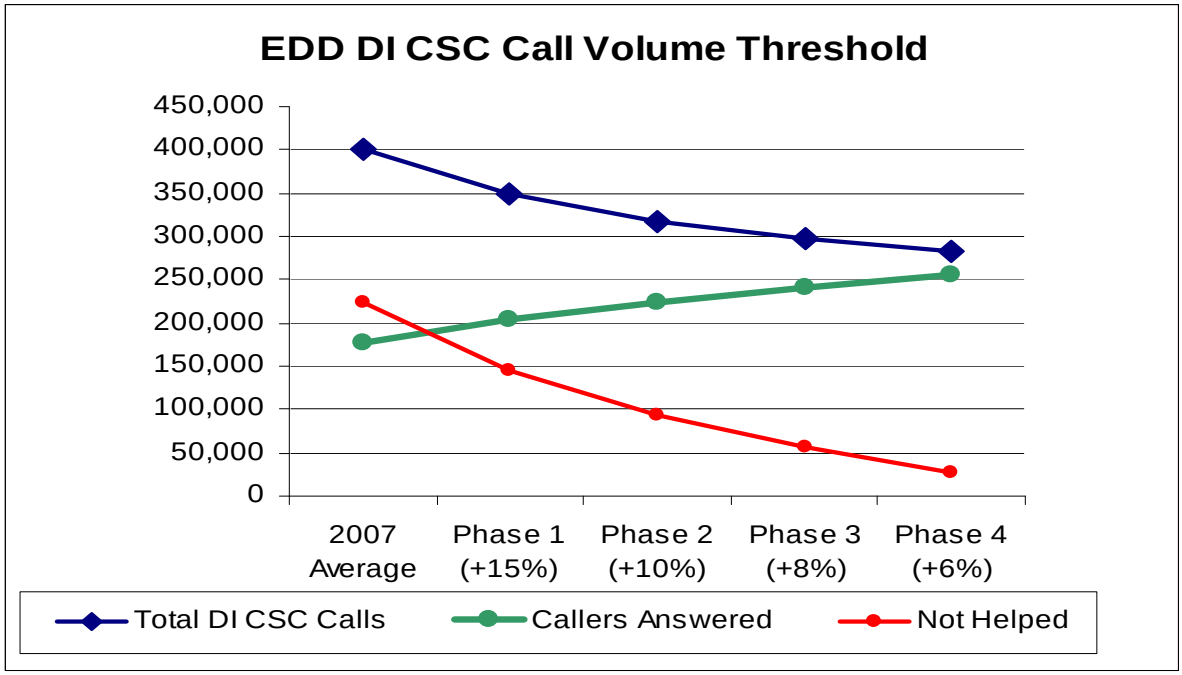

Chart 16: EDD DI CSC Call Volume Threshold

This chart shows the relationship and benefit of answering more calls through the various phases. The calls abandoned or deflected are significantly reduced as well as the total DI calls because, as data indicates, for each call that is answered there are 2 less attempts to reach a DI Examiner.

However, to achieve each of the phases, individual DI CSC managers will need to consider how best to address their individual challenges. The short-term recommendations of this report should help in this effort, to varying degrees based on each site's present performance, average wrap time, non-call related work, number of personnel assigned to ACD call taking responsibilities, as well as the execution of additional training, etc.

Recommendation #5 – Assign more DIPRs to call taking

The DI organizational charts identify 185 CSC DI DIPR call taker positions, with 177 positions filled as of November, 2007. In 2007, only 114 positions *on average* were logged into the ACD at any one time, or 64% of the total employed DIPR workforce as presented in section 5.11, above. While our calculations did not consider each individual CSC site, we recommend DI analyze the average percentage DIPRs logged-in to the ACD at each site on a monthly basis. Chart 11 in section 5.11 may be used for this purpose. CSC managers should then work to improve the average number of individuals assigned to the ACD to answer calls, with a concentrated effort during the peak hours depicted on Chart 9. Although primarily a concern for DI, this calculation applies to all CSC facilities.

Recommendation #6 – Reduce non-call taking activities for logged-on personnel

Using the same data as presented in Recommendation #5, of the 114 average number of DIPRs logged into the ACD, only 75% of that number (the equivalent of 86 DIPRs) were actually engaged in taking calls or in a call-related walk-away code. The following chart represents how the "typical" DIPR used their time when logged into the ACD in 2007:

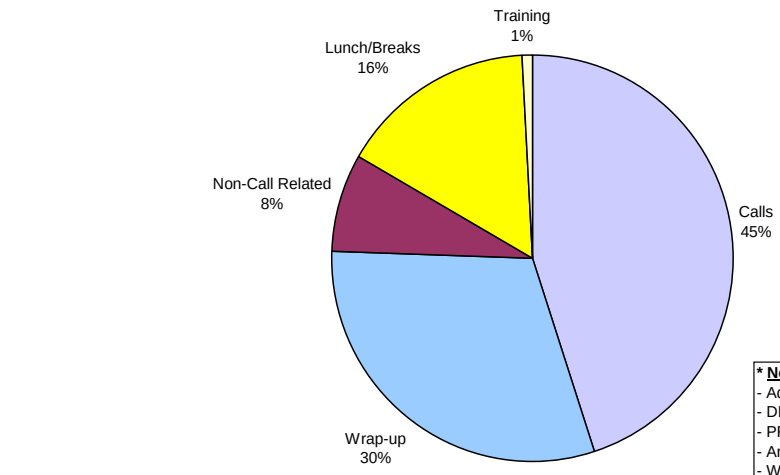

Chart 17: DI CSC DIPR (Logged-In) Average Time Allocation by Work Codes

This chart is based on the work code allocation of time and indicates that 75% of the average logged-in time is spent on call related activities (on calls or in call wrap-up) and 25% of the time that DIPRs are logged-in, including lunch and breaks, they are not involved with call related activities.

Recognizing that DIPRs may have additional tasks assigned by their management and that each of the three DI CSC facilities has its own unique environment, we offer the summary view above for discussion. As this is a representation of the 2007 activities of those logged into the ACD, the total time represented by the entire chart does not include time of those out ill, arrived late, left early, or on vacation.

As current activities may not correspond to the 2007 averages, we recommend that those tasks that are not related to Talking or After Call Wrap-up be studied and reduced as much as possible, with a concentrated effort during the peak hours depicted on Chart 9. Again, this calculation and chart applies to all CSC facilities.

Recommendation #7 – Implement focused training on reducing after call call-related activities and improving efficiency

The variation in after call activities raises the option to more effectively train all DIPRs to enter notes during their calls. It is uncommon in most call centers for after call work-related activities to be more than 15-20% of talk time, even in companies such as HealthNet where medical documentation and approvals for procedures often require substantial note taking.

Considering many callers are only confirming the status of a check that may already be processed, or asking a general question, we are not aware of any reason why it should take 70% of the length of the call to do after call activities. We strongly recommend that these activities be examined further, and that DIPRs be trained aggressively on how to enter notes during calls and also to know when notes are not necessary. Efficiencies, like not removing one's headset after each call while entering notes, are often overlooked but if presented in the best light may both improve performance and reduce daily fatigue.

Recommendation #8 – Enhance uniformity of training and utilize centralized professional training resources

The CSCs individually coordinate their training and use their managers and supervisors to conduct training. The CSC individuals who provide this training attend a "train the trainers program." This approach to training has been developed because the CSCs consider that the complexities of the DI program requirements that are required to be learned by the CSC DIPRS are best understood by the existing CSC line managers and supervisors. However, even though all CSCs use the same training manual, it is inevitable that instructional differences between CSCs and even between individual trainers do occur. These differences can result in disparity as to how callers and particular issues should be handled. Therefore we recommend that DI should develop processes that encourage more uniform training standards between CSC sites and among the CSC trainers.

In addition, while we understand the CSC managers know their personnel and work environment better than an outsider, we believe CSCs would realize significant benefits in an expanded use of the Training and Staff Development Unit's (TSDU) services. Professional trainers are well versed in organizing curriculum, presenting information in an interesting fashion, recognizing the special needs of certain individuals and maintaining focus, as they are not distracted by their other responsibilities inside the CSC. Therefore the development of uniform instructional text and processes may significantly benefit from a collaborative approach with TSDU. We also believe that some "soft skills training" such as training in how to deal with upset callers, how to recognize and deal with DIPR call-related stress, motivational and job achievement recognition, are all types of training that can be very effective when provided by TSDU staff.

CSC training would also benefit if all of the CSC DIPRs had a common understanding of their responsibilities regarding the partnership agreements and expectations with the CMOs, and we recommend that this should be a part of the training program.

In summary, the CSCs would realize greater efficiencies, improve quality and provide consistencies through enhanced uniformity of training, the collaborative involvement of the Training and Staff Development Unit, centralized training of "soft skills", and enhanced appreciation of CMO/CSC roles and communication.

Recommendation #9 – Review the IVR scripts

Mission Consulting conducted numerous test calls through the DI IVRs. We found that they had repetitive announcements (asking if we preferred English or Spanish at multiple points in the menu tree) and other inefficiencies. There is a science to creating logical and easily understood menu options. The DI IVRs provide the required information, but not necessarily in a user friendly sequence. In addition to the suggestions from the questionnaires, both DI Telecom and CCOG were quick to comment that the IVR scripts should be revisited. The cost to modify the scripts is minimal and the potential benefit of reducing defaulting calls to the CSCs is significant. Even though the traffic reports indicate that large numbers of callers are helped in the IVR, Mission Consulting recommends that DI reconsider the script language and information provided to more fully utilize this resource.

Recommendation # 10 – Change the DI ACD deflect announcement

When callers are about to be deflected because a DI CSC ACD queue is at capacity, they are provided an announcement indicating that the best time to call is on Tuesdays through Fridays. The traffic reports provided herein for DI reflect that the announcement should be changed to reflect that the best time is on Wednesdays through Fridays. Again, a single announcement may not apply to all Branch programs. We encourage looking at the current daily traffic for each of the programs and determine what days of the week apply to PFL, or if NDI/SDI needs to delay callbacks on any day of the week.

Recommendation #11 – Develop a plan and implement call monitoring

Create a management level team to develop a plan for implementing "Remote" Call Monitoring. The team may wish to consider the lessons learned in the past. Issues to be incorporated may include having the monitoring performed by designated "trainers", the training of these individuals will be required to complete before monitoring begins, the procedures for advanced notification, the records that may be created or kept, what documentation should be provided to those monitored, and how those records can be studied to improve training techniques. Plan in advance to acknowledge sensitivity to the rights and privacy of call takers regarding the issues above, as well as to develop the process to be followed in the rare situation of an egregious violation of State policy or claimant confidentiality.

To the degree possible, we also recommend that call monitoring notification should be broad-based, such as "During the next month call monitoring will cycle from one CSC to another to consider the differences between sites and the possible need for additional training", or perhaps, "During Mondays and Tuesdays of next month, call monitoring will be employed to consider DIPR knowledge of the program, use of standardized greetings, and proficiency in completing the call for possible changes to our training curriculum".

Recommendation #12 – Deploy the Gatekeeper's monitor on supervisor's desks

The more desktops that display the full Gatekeeper's screen, the fewer people will abuse their breaks, after-call work, or leave their workstations without changing a walk-away code. When it does occur, more visibility will improve the likelihood of a quick resolution to the issue.

Recommendation #13 – Where possible move supervisors into DIPR areas

Supervision is an important factor in every call center. When supervisors are not in close proximity to those they are managing, regardless of the technologies in place to oversee staff activities, many people become complacent or distracted. In addition to the current policy of walking the floor, having supervisors' workstations positioned near those being managed is a passive and effective measure to improve performance and to increase availability of supervisors to assist DIPRs who request guidance.

Recommendation #14 – Modify short-call threshold to 45 seconds

Calls are currently counted as being answered and completed if they last a minimum of 6 seconds. If a caller is connected to a DIPR and is disconnected or hangs-up after 6 seconds, the call is included in the DIPR's averages for call length, with very short calls dramatically distorting the average talk time for the measured period.

We suggest that any legitimate call must take longer than 45 seconds and that including 7-8 second calls may reward a few individuals who know how to achieve better averages with short calls.

Recommendation #15 – Present issues and a philosophy of partnership to achieve better communications and participation

We suggest an organized effort with all stakeholders to achieve a common goal: to provide a more satisfying workplace environment while improving services to customers.

It should be accepted that most of the DIPRs truly want to help the callers. To some degree it may be their compassion for the callers that increases their frustrations when unable to resolve a problem with a claim. However, as long as some staff believe that the DI workload is unmanageable, it will be difficult to significantly improve individual performance. DI needs to explain what effort it is making (such as CALNET 2, the Automation Project and even this report) to better enable staff. Education, recognition, appreciation and acknowledgment of staff raised issues can contribute to changing perspective.

As for the Call Monitoring, recognition and gratitude by management when a DIPR handles a difficult caller capably, feeds a sense that we are all part of the same team. It is important to recall that ineffective personnel unfairly increase the workload for their others.

Helping the first level supervisors understand that our goal is to help them build their team, again, with recognition, education and respect. Everyone generally responds if they know they are making a difference. Employee morale and effectiveness can be significantly improved by continuing to create and build upon an environment of team support, recognition of excellent performance, partnership and participation.

Recommendation #16 – Expand CSC disaster recovery planning

While the current Service Resumption Plans for premise and technically based outages are thorough, additional attention should be applied to similar plans for non-technical events. The expanded CSC Disaster Recovery and Business Resumption Plan should consider events that might dramatically reduce staffing levels for each of the programs and sites (DI, PFL & NDI/SDI). The very real possibility of a regional contagious disease, pandemic flu or a serious local flood may reduce staffing and the Branch's ability to answer callers and provide support for the claimants. These plans may allow expedited claim approvals pending later review, prioritizing types of claims, or revising accepted procedures because of the limited personnel.

Recommendation #17 – Measure quality of CSC activities

Consideration should be given to the perspective that a CSC "service level" is not just a quantitative measurement, but should include a qualitative measurement as well. The quality of the service offered to the claimants is measured at the macro level with the review of individual claims and at a micro level with a review of the agents' FOBES. The review of claims by DI appears to focus on the CMO and we recommend a greater examination of the CSC notations and activities.

Customer satisfaction surveys have been conducted in the past. The last one that we were provided was from 2002. Mission Consulting recommends implementation of a quality management program that addresses claimant satisfaction, agent effectiveness, complaint system, and accuracy from the CSCs.

Recommendation #18 – Explore expanding DI hours of operation

The published hours of operation for each CSC are from 8:00 AM to 5:00 PM. We know that in some programs a significant number of callers access the system after 4:30 PM (see Chart 9: DI IVR Calls by Time of Day). Therefore, it is worthwhile to consider setting the hours to accommodate the call traffic. Mission Consulting recommends the following ways:

1. On a program by program basis, consider extending the hours of operations to match the call traffic, including leaving the queue open beyond 4:30 PM.

2. Revisit the "Pilot Study of Service on Selected State Holidays" recommendation in the Report to the Legislature in consideration of expanding the operating hours to match claimant call patterns.

3. Actively encourage the further use of Rotating Days-Off (RDO) work schedules like 4/10/40s or 9/8/80s to provide more available manpower at the beginning of the week when the call traffic is heavier.

Recommendation #19 – DI CSC Problem Resolution Unit (PRU)

We believe that the PRU provides an opportunity for selected DIPRs to improve skills and enhance job satisfaction. While their absence may take away resources that could be applied to initially answering claimants' calls, they provide improved services to customers by clearing blocked claims. We encourage the deployment of the PRU in Sacramento and the future refinement of the PRU in both Sacramento and Riverside.

As the PRU expands with greater numbers of candidates achieving the skills required to be part of that unit, DI may consider directing (transferring) calls to them based on "complexity" and "hardship". In addition to enhancing job satisfaction, specialization will allow the CSCs to take advantage of the skills based routing function that will be available with CALNET 2 ACD solutions. The existing ACD may be configured to have multiple ACD (DIPR) groups with overflow parameters allowing the PRU to participate in general call taking and have "other" calls transferred to them with a higher priority so that the next transferred call is handled by a PRU DIPR. As the PRU becomes more extensively used for complex calls, it will take on the status of a more elite or special unit. DIPRs assigned to the PRU should then receive special recognition from both CSC management and from other DIPRs.

Recommendation #20 – Improve collaboration between DI Telecom Unit and IT Central Call Center Operations Group (CCOG)

We are reminded that DI inherited the configuration and service objectives from the EDD UI's ACD applications. They were UI's standards. As DI has now matured into a complex group of call centers, DI should expect that each of its applications warrant individual attention. At some point the Telecom Unit will be the best resource to identify the DI traffic and operational issues as new systems are designed. One of the driving factors from Telecom is their interest in exploring the features in the AT&T systems presently servicing DI, and considering if additional features could be deployed before the full network IVR/ACD solutions are rolled out.

Identifying and addressing the issues and solutions to resolve challenges in the responsibilities between the DI Telecom Unit and CCOG is not within the scope of this evaluation. It is reasonable that CCOG does not want multiple parties speaking directly to service providers, perhaps distracting them from other time-sensitive projects they are working hard to deploy. However, it is understandable that the Telecom Unit, specialists who have DI's best interests as their daily focus, would want to speak directly with those providers to determine what features and benefits DI can expect in the present, and in the future.

The issue of the Telecom Unit having limited access to Remedy is worth further discussion. DI management may have to get involved if they believe that the Telecom

Unit should have greater access to the service providers or the Remedy trouble ticket resource (if only to confirm the current status of an open ticket).

Recommendation #21 – Improve CSC management communication channels

While there is an effort to bring CSC management together on an occasional (quarterly) basis, there appears to be a significant isolation of the Branch's CSC management personnel. This may be the result of encouraging them to take ownership of their individual CSC operations, or the sense of competition as one is measured against the next, but the result is that presently it may be appropriate to encourage mutual trust and support. The more CSC managers communicate with one another, to consider and debate business process issues, to consider best practices and lessons learned, or to challenge the outcome of a report, the more they will bond and hopefully understand that they, along with the CMOs, are part of the larger picture. The entire organism must be healthy, or they will find themselves at odds with one another.

Issues with staff appear to migrate from one site to the next. The failure to process claims or answer calls, increases the workload for all. Effort to reduce the "we"/"they" perspective within the Branch should be encouraged between CCS, CMO, DI Telecom and CCOG.

We noticed the effort to engage the lower levels of management (and staff) in some of our interviews. While this cooperative effort allows many to offer their own unique perspectives, management needs to sift through the available information presented and determine which perspectives will complement the goals of the organization.

While a *bottom-up* management flow gathers the wisdom from the field and creates an early buy-in to new programs, leadership and inspiration is a *top-down* opportunity.

6.2. Long-term Recommendations

The following long-term recommendations do not deal with specific features of future systems or reorganization of the Branch operations. Rather, based on our observations, they suggest issues to consider as the Branch prepares for the long term evolution of systems and personnel.

Recommendation #1 – Develop a new service level measurement

We do not recommend that all of the Branch's programs be held to the same CSC service level goals as they provide different services. Unless significant improvements are made in DI, the 90/240 service level goal may still be unreasonable. If improvements are achieved, and callers become more accustomed to being able to reach the CSC ACDs (as opposed to being deflected), they may become less willing to wait, increasing the frequency of abandons. It is not uncommon, even in highly efficient call center, to have 6-7% abandons in a 4-minute average wait time.

As the Automation Project successfully increases customer access via the web, enables better IVR data record access and document imaging, and provides DIPRs with benefits such as screen-pops, the number of calls and the time required on calls and on call-related activities will dramatically change the CSC environment. Soon after this occurs, a new service level goal is required. We recommend that a 90/360 (or better) goal is a reasonable expectation.

Recommendation #2 – Redesign the training curriculum

Working with the Training and Staff Development Unit, Mission Consulting recommends developing a new training curriculum. All aspects of the new program do not need to be long-term efforts, but it will take some time for the materials to be crafted to meet the needs of the CSCs, with DI being the first priority. Attention should again be given to recognizing that call takers are highly respected skilled representatives. The current impression that dealing with customers on the telephone is a thankless and difficult task must be reversed. We are concerned that some assigned to the training roles at this time are themselves not fond of taking calls or providing the training to others. If so their approach to training may not yield the best results. DIPRs who are taught to believe they are truly making a difference in the customer's challenged life, as councilors, advisors, benefits experts, and problem solvers should be enthusiastic about their job. Today, some DIPRs are frustrated that they cannot make that difference. Importantly, enthusiasm wanes if the stress of dealing with DI customers is not acknowledged or stress management taught.

As promotions elevate personnel into supervisory and management positions, specialized training in management and mentoring skills, recognizing those who perform well, and understanding the technology employed in the call center should be as much a priority as knowing the details of the program benefits.

Recommendation #3 – Do not deploy networked IVR/ACD unless operational implications are understood

The transition to a future networked IVR/ACD environment will definitely result in significant changes to CSC operations. These changes will have serious implications regarding how the call distribution environment will be designed, staffed and managed. In the current environment calls are first distributed to a location and then distributed from there to the first available call taker. This configuration necessitates the distribution of the gatekeeping, deflection, night service mode, English/Spanish queues, supervision, reporting, and potentially other functions to each center. In the future networked environment most of these functions will become automated or managed at the network level rather than by each CSC.

Before decisions are made regarding how specific features or functions are deployed, it is important to thoroughly understand the nature and implications of each decision. Just three examples of functional considerations that will need to be addressed include:

Gatekeeping – This function is provided on a queue by queue basis, such as English and Spanish queues. In a networked application, gatekeeping queue management functions may be provided by a more advanced queue overflow capability of skill-based routing in an automated process.

In today's current environment, the second function of the Gatekeeper at each site is for management of staff availability. However in most industry ACD environments, this management function is distributed down to the supervisor level that is responsible for their own 'team' of agents (typically 8-12). This level of local team management should be applied even if the queue management is centrally automated.

Deflection – In a networked environment, the individual sites will not have control over the calls waiting/agent queue size as they do today. This will require changes to how individual site schedules are managed.

Deflecting calls implies that calls are also being abandoned. Today, abandoned calls are measured on a site-by-site basis at the queue level. Consideration should be given to how this will be addressed in the network environment. It should be possible to program the ACD reports to break abandon rates down to the team level for more effective management.

Night Service Mode – Besides the automatic function of using the Night Service mode to open and close the ACD queues, it is also used to shut down and entire site for emergencies, all staff meetings and other needs. Unless sophisticated ACD queue overflow and interflow capabilities are available in any new offering, Night Service will normally function on a queue by queue basis, rather than on a per site basis. Taking a single office off line would imply having all the agents log off at that site.

The above considerations are only a few examples to demonstrate that careful planning that will be required before a networked solution is implemented. Therefore we recommend that the networked IVR/ACD application not be deployed until operational implications are understood.

Recommendation #4 – Tailor additional CALNET 2 enhancements to each DI program

As additional CALNET 2 features are considered for the CSCs, they must be carefully tailored to meet the unique needs of each program. Service providers of the systems and features the Branch may consider frequently apply a "cookie cutter" approach to State call center applications. The myriad of possible features and the variations in the way they may be configured can result in the service provider taking the easiest solution, not necessarily the best for any one call center. This is universally true in both ACD and IVR designs. A poorly conceived approach will not reap the full benefits of a well thought through design. As DI will follow UI in the deployment of many of these features, Mission Consulting cautions that it is worth the additional time in the

beginning to understand the full capabilities of these new features and how they may improve operations before they are deployed and possibly left in place for years before being revisited.

Recommendation #5 – Plan for expansion

The current CSC sites are at capacity. As the population of the State continues to grow, and programs such as PFL have only just begun to realize their potential, the Branch needs to utilize all of the forecasting tools available to consider expansion. Even though it is expected that the technologies to be deployed in the future will improve efficiencies in customer access, claims processing and call handling, expansion may be needed before these technology deployments are complete.

If expansion is planned, we recommend it not be simply based on available office space, but that careful thought should be given to possibly expanding the successful CSCs, the quality the nearby labor pool, and the future skills that will be required of DIPRs when a greater number of customer contacts may be via the internet. Space considerations should also anticipate the layout of the contact center allowing supervisors and managers more direct contact with staff.

7. Report Conclusion

Mission Consulting understands that the complexities of the DI operations and CSC services cannot be encapsulated into a brief report. We were impressed by the dedication managers and supervisors displayed in their attempts to address complex call traffic and human resource issues. We also came to understand and believe that the vast majority of the CSC call takers are sincere in their desire to help customers. The challenges to improving service and morale are significant, but not impossible. With a better understanding of the current conditions and a commitment to partner between all Branch stakeholders to effect change, we are confident that significant improvements will result.